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ABSTRACT

The complexity of the budgetary process, in which so many independent bodies sequentially or simultaneously review the higher education budgets, results in complicated interorganizational relationships and apparent overlap or duplication of roles. Despite disagreement and lack of theory, budget professionals are moving slowly and pragmatically toward a more systematic approach to budgeting. The present study began in July 1973, when the Center for Research and Development in Higher Education undertook a three-year, 50-state study of the processes used by state agencies to formulate the budgets of colleges and universities. Its twofold purpose is to advance budgetary theory and to give state and institutional budget professionals a broader understanding of (1) the interrelationships, roles, functions, and objectives of the several state agencies in the budgetary process; (2) the congruence or incongruence of such objectives among the several agencies; and (3) the practices and procedures that build confidence in the fairness of the budgetary process. Reports based on the study describe and analyze the organizational structures and staffing of state-level agencies and the progress of institutional budget requests through these agencies. The primary emphasis is on the budget review and analysis process and the procedures used by the state agencies; the study concentrates on the administrative interfaces among the several state agencies and between the agencies and the institutions of higher education. (Author/MSE)

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State Budgeting for Higher Education: Interagency Conflict and Consensus

LYMAN A. GLENNY

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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The Center for Research and Development in Higher Education is engaged in research designed to assist individuals and organizations responsible for American higher education to improve the quality, efficiency, and availability of education beyond the high school. In the pursuit of these objectives, the Center conducts studies which: 1) use the theories and methodologies of the behavioral sciences; 2) seek to discover and to disseminate new perspectives on educational issues and new solutions to educational problems; 3) seek to add substantially to the descriptive and analytical literature on colleges and universities; 4) contribute to the systematic knowledge of several of the behavioral sciences, notably psychology, sociology, economics, and political science; and 5) provide models of research and development activities for colleges and universities planning and pursuing their own programs in institutional research.

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CENTER FOR RESEARCH AND DEVELOPMENT IN HIGHER EDUCATION
UNIVERSITY OF CALIFORNIA, BERKELEY, 1976

Under the general title *State Budgeting for Higher Education* the Center is issuing nine publications, each with its own subtitle and authors. The volumes report three separate but interrelated projects carried on from July 1973 to August 1976, funded as follows: one on state fiscal stringency by the Fund for the Improvement of Postsecondary Education (FIPSE), another on state general revenue trends by the Lilly Endowment and the American Council on Education, and the third on selected aspects of state budgetary theory and practice by a joint grant from the National Institute for Education and the Ford Foundation. The principal investigator for all the projects was Lyman A. Glenny; the principal author or authors of each volume carried the major responsibility for it. To varying degrees, all members of the research team contributed to most of the volumes, and their contributions are mentioned in the acknowledgments. This report is the third to be issued in the series.

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To my daughter Colleen, for
whom all this may be worthwhile;
and to the state agents, who
can make it so.

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The representatives of the national organizations who comprised our National Advisory Panel and the individuals who comprised the Technical Advisory Panel made significant contributions to this report through their critical comments and useful suggestions in response to project plans and report drafts. Their assistance broadened our perspectives and provided many useful insights. We are most appreciative. The members of both panels are listed below.

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Preface

From July 1973 to August 1976 three studies of state budgeting and financing of higher education were conducted by the Center for Research and Development in Higher Education at the University of California, Berkeley.

The present study began in July 1973 when the Center undertook a three-year, 50-state study of the processes used by state agencies to formulate the budgets of colleges and universities. Seventeen states were studied intensively.*

Financial support was furnished jointly by the National Institute of Education (60%) and the Ford Foundation (40%). The study was endorsed by the following organizations:

American Association of Community and Junior Colleges
American Association of State Colleges and Universities
American Council on Education
Education Commission of the States
National Association of State Budget Officers

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* The 17 states were: California, Colorado, Connecticut, Florida, Hawaii, Illinois, Kansas, Michigan, Mississippi, Nebraska, New York, Pennsylvania, Tennessee, Texas, Virginia, Washington, and Wisconsin.

National Association of State Universities and Land-Grant Colleges
National Center for Higher Education Management Systems
State Higher Education Executive Officers

Its twofold purpose is to advance budgetary theory and to give state and institutional budget professionals a broader understanding of: 1) the interrelationships, roles, functions, and objectives of the several state agencies in the budgetary process; 2) the congruence or incongruence of such objectives among the several agencies; and 3) the practices and procedures that build confidence in the fairness of the budgetary process.

Reports based on the study describe and analyze the organizational structures and staffing of state-level agencies and the progress of institutional budget requests through these agencies from the time that prebudget submission instructions are first issued by a state agency until appropriations are enacted. The primary emphasis is on the budget review and analysis process and the procedures used by the state agencies; the study concentrates on the administrative interfaces among the several state agencies that review and analyze budgets and between these agencies and the institutions, or systems of institutions, of higher education.

Intensive interviews, document review, and questionnaires in the 17 states selected formed the basis for a narrative and tabular description and comparison issued in 1975. Less detailed data were collected from 50 states by questionnaire only; these are examined and presented in a second descriptive report.

The other volumes resulting from the three-year study are analytic in nature. This volume focuses on the cooperation, redundancy, and duplication of effort among the several state agencies that review budgets. Others concentrate on the creation and use of budgetary formulas, the development and use of information systems and analytic techniques, and the dilemmas involved in the design of budget processes, along with a step-by-step analysis of budget progress through the labyrinth of state agencies and processes.

The second study, sponsored by the Fund for the Improvement of Postsecondary Education (FIPSE), examines how state colleges and universities respond when states make substantial reductions in their appropriations. This one-year study encompasses experience with fiscal stringency in about a dozen states, primarily in the five states presented in the case studies. The latter have been brought up-to-date as of late spring 1976.

The third study, sponsored by The Lilly Endowment and the American Council on Education, analyzes the trends in state general revenue appropriations for higher education from 1968 to 1975. Refining earlier work at the Center, the study compares trends among the states for the several types of institutions in both appropriated and constant dollars, comparing dollar increases with enrollment trends in each case and also comparing dollars appropriated for higher education with those for elementary and secondary education.

Each volume resulting from the three studies draws on significant findings of the other studies yet stands alone as a complete book. However, awareness of the full panoply of social, political, and economic variables that we found in state budgeting for higher education can be gained by review of all the volumes. We earnestly hope the readers learn as much from our research as we did in conducting it. A complete list of the volumes is found on the back cover of this book.

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1.

Introduction

State budgets are instruments for resource allocation for program development and for short- and long-range planning. The budget divides state general revenue among major state agencies such as those that provide welfare, education, and law enforcement, and it also makes fine adjustments in dollar amounts for specific activities and, increasingly, for the programs conducted by each agency. Each year or biennium the budget contains decisions on the expansion and contraction of continuing programs, on the establishment of new ones, and on dollar priorities among them all. The short-range plan for the state for the next year or two *is* the budget; and through authorizations and pilot projects the budget often serves as the principal long-range planning instrument.

The budget authorizes expenditures that support the elements and subcomponents of services and protective functions of the state. This is true whether its format is as old-fashioned as itemized objects of expenditure or as modern as a full-fledged program planning budget (PPB). The principal contribution of PPB is the overt, straightforward identification of programs. Does explicit and specific identification make any difference? Regardless of budgetary format, governors, legislators, education leaders, and their aides are not ignorant of the services,

activities, and functions that to the uninitiated may be fragmented and lost in expenditure lines. The programs may be explicit in the statutes or in other agency or legislative or executive documents; they may be implicit in the minds of committee chairmen and interested members. As we shall see in later chapters, it is a matter of perspective.

As a planning and policy document, the budget is more evident at the state level than at the federal level. More policy is set by state budgets and appropriation committees than by substantive subject-area committees. The substantive committees of Congress have provided many landmark policy statutes that preconceived long-range needs; The antitrust laws, the Social Security Act, and many others were preceded by long study in congressional committees and subcommittees. Although most such legislation was initially recommended by executive commissions or agencies, Congress formulated and enacted the operational documents. The document, or statute, states the purpose, the services and activities, and sets the boundaries of administrative implementation. Cumulatively, many acts become the master plan under which the appropriation committees of Congress operate, as well as the President and his Office of Management and Budget.

State statutes may also be backed by study and planning of a legislative committee, but they carry much less of the "constitutional" aura epitomized by major federal enactments, which often go for years without major amendments. The courts, of course, recognize state acts as ongoing and controlling, but state legislatures do not hesitate to make substantive amendments. State appropriation committees routinely increase, decrease, or otherwise alter substantive legislation during budget development without previously obtaining clearance from the proper substantive committee, or even its chairman. Hartmark (1975) notes about the Wisconsin legislature:

> *Because the central issues in the welfare, education, taxation, and commerce areas are being deliberated before budget*

> *committees, the substantive committees are experiencing some status anxieties and role conflicts with the Finance Committee and Budget Compromise Committee. (p. 128)*

Moreover, much of the state budget is beyond state program control. Many authorizations provide matching grant-in-aid funds for programs established by federal policy statutes. Federal long-range planning, agreed to by or imposed on the state, is no less a structured expenditure scheme than if the state had planned it. The state also has, at times, statutory formulas for welfare, health, correctional institutions, and elementary-secondary education that precommit much of the state budget; but these formulas are more easily changed--particularly by the appropriation committees. Appropriation committee membership is the most sought-after assignment because it means having control over who gets what. It also provides a powerful position for program as well as fiscal control because major policy decisions can be made without prior agreement or action by a substantive committee.

Because the budget is the major policy-determining instrument of the state, the rapid growth of professional staffs who aid in the budgetary process is a development that must be closely examined. Until very recently, only the appropriation and finance committees employed staffs, usually consisting of one or two persons, "unemployed" politicians, or capitol hangers-on. Later, professionals were hired and today most staffs consist of persons trained in public or business administration, political science, and economics.

Unless one counts the heads of executive agencies, the governor obtained his first professional help when a budget bureau became part of the executive office. Thus the budget became more manageable as a policy instrument as staff members were acquired by the political arms of government. These staff members in turn began to reform budget practice as part of their professional contribution, moving--or attempting to move--away from line items for

control purposes (dear to legislators) toward the performance (functional) budget, and eventually toward program budgeting. As staffs deal with programs and performance, they deal with the warp and woof of substantive policy.

HIGHER EDUCATION AND THE STATE

Higher education in the states now takes from 7 to 36 percent of the state general revenue available for appropriation. In the 1950s and '60s higher education budgets doubled and tripled, making them of great importance to state fiscal solvency. While the colleges and universities generally remain the function used to balance the budget, higher education has begun to take a smaller share of state general revenue, down from 16 percent in 1968 to 15 percent in 1974, using national averages. Nevertheless, state budget officers and legislative staff analysts give it more rather than less attention (Ruyle & Glenny, 1976).

When fiscal stringency demands cuts across all state functions, higher education receives closer scrutiny with greater expectations for change and "reform" than do other state services. Budget analysts thoroughly review campus budget items, sometimes conducting in-depth audits of certain activities or studies of politically salient issues.

A difficult problem for budget practitioners arises when they attempt to arrive at practices that can be commonly applied to the numerous services and activities of very diverse state agencies. Because of a long tradition of semi-independence and organization for higher education governance by use of separate governing boards, the state treats higher education differently from any other state function. While it is an exaggeration (except for a very few large state universities in the past) to label higher education as the "fourth estate" or a separate branch of government, the relationship to the state has been distinctive, and remains so despite recent attempts at reform (Glenny & Dalglish, 1973).

Historically, even the normal schools and later the state and teachers colleges, although controlled by state legislatures to a far greater extent than "the" state university, sometimes received special treatment or exemption from standards for purchasing, hiring, financial accounting, or building construction. Each campus generally had its own governing board to control policy and operations, but during the economic depressions of the early 1900s and 1930s a dozen or so states placed all their institutions under a single governing board (Berdahl, 1971), allowing the legislatures to communicate through one control board rather than through a separate board for each campus, although state budget committee members might continue relationships with individual presidents and campuses. This simplified structure resulted directly from the need to conserve state funds, rather than for particular management or educational objectives.

An alternative to the single statewide governing board soon developed, beginning in the 1950s with the baby boom and subsequent expansions of college and university functions and services, of branch campuses and independent two-year colleges, and of emphasis on graduate training. The sheer complexity and magnitude of higher education became so great that the governor and legislature could no longer cope. The relative independence from state control of the leading state university, particularly in management practice, became the goal of state colleges as well. Beyond these events was the simple fact that higher education used an ever-increasing proportion of the general revenue funds. To meet this chaotic situation ("blessed chaos," as one academic put it), the states turned to a higher education coordination and budget review agency.

These new coordinating agencies (councils, commissions, boards) followed the pattern established in 1941 by the Oklahoma Board of Regents. The statutes charged these earliest agencies to approve new programs to prevent "unnecessary overlap and duplication," and to review and make recommendations to the state on the institutional budgets. By the 1960s most enabling acts also included the function of statewide planning for the "orderly development of higher education." From the beginning,

the coordinating agencies were almost invariably staffed with professional people. Most now employ specialists for at least three major functions: program review and approval, budget review and recommendations, and statewide planning. Indeed, the budget specialists in some agencies antedated the development of professional staff in either the governors' offices or the legislative appropriation committees.

The injection of a coordinating agency reporting to both governor and legislature and standing between the institutional governing boards and state political arms, created a new and very different set of political and operational relationships, and an organizational structure distinctive in state government. Such agencies have had a decided impact on budget review procedures as well as on state budget organization.

These higher education organizational "reforms" took place concomitantly with the growth of the executive budget agency staff. During this period also, joint legislative budget or fiscal committees and the appropriation committees of the two houses began increasing their staffs; in a few states the legislative staffs divide along partisan lines, each group conducting its own review independent of the other.

The complexity of the budgetary process, in which so many independent bodies at the "proximate" level (to use a term of Lindblom, 1968) sequentially or simultaneously review the higher education budgets, results in complicated interorganizational relationships and apparent overlap or duplication of roles. Because the governors usually have statutory responsibility for preparing and coordinating the state budget, these new agency and staffing developments cause concern among state budget officers. For colleges and universities, competition among staffs can result in numerous requests for a great variety of data and information under differing assumptions, definitions, and aggregations. Further confusion over staff roles is created by their demands for "accountability," which harbor disagreement on what is meant or what is wanted from an institution. Then, too, in some states higher education

is identified as the pilot function for experimenting with program budgeting. All these factors add to the difficulty of dealing with higher education budgets and create grounds for general--if often inarticulate--concern by state budget officers, legislative analysts, coordinators, and higher institutions alike. These reactions, of course, led directly to this study.

BUDGET LITERATURE

Scholarship on state budget development and evaluation remains in a prenatal state. Political scientists generally have given little attention to the research on the states, and even less to their budget practices. This condition is gradually changing as scholars (and taxpayers) find the federal government unable to solve all problems, and must refocus on the vital role the states still play.

Early literature on state budgeting began in this century by recounting the deficiencies of then current practice. By the second decade the development of the "executive budget" was recommended, with its attendant emphasis on a single comprehensive and coordinated document based on planning but with management and control functions intact. Advocates such as Cleveland and Buck (1920), Willoughby (1918), Gulick (1920), and later Buck (1929) preceded those who have recommended other reforms over the last half-century.

In recent years advocacy literature has exhorted governments and their agencies to adopt PPB, cost-benefit analyses, unit costing, program classification structures, etc. Such literature continues, but its contributions to budgeting practice and state organization for budgeting have yet to be realized.

In summarizing the existing literature on state budgeting, the following conclusions may be drawn:

- The literature is fragmentary. There are many gaps to be filled for a comprehensive description of organization, process, and

staffing--with greater gaps in the areas of analysis of best practice and of theory of budgeting.

- There is sharp disagreement over current effectiveness and the potential of PPB, and over whether the budget process can be more rational than the general political process in the society.

- There is disagreement on the definition and applicability of the term "incremental" in decisionmaking, in outcomes of the budget process, and in the construction of theory.

- There is little analysis of the growth of professional staffs in the legislature, in the governors' budget offices, and in other central agencies; and of the effect of such staffing on the budget process, its rationality and outcomes.

SOME OBSERVATIONS AND ASSUMPTIONS FROM THE STUDY

Despite disagreement and lack of theory, budget professionals are moving slowly and pragmatically towards a more systematic approach to budgeting. They attempt to apply common procedures and practices to all agencies of state government, and to gain objectivity in budget decisionmaking through data and information systems, use of analytic simulations and decision models, and new forms of budgets, generally program types of budgets. While we encourage these efforts, we caution that all state agencies are not alike. We agree with Dror (1968) who states that "to be frank, neither the facts nor the methods needed to set down a complete, basic guide for constructing optimal policymaking systems are yet available" (p. 193).

We collected data, having in mind the aggregated (if not synthesized) bits and pieces of theory. Despite heavy borrowing, we chose not to attempt to test any

particular hypothesis or set of hypotheses but rather to seek better understanding of and explanations for the extant conditions and practices, ever mindful of the goals of trying to improve practice while contributing to theory. The following are some assumptions that underlie the analysis of this research:

- That the pluralism generic to policymaking in a political democracy should characterize the budgetary process.

- That participation at critical points in the decision process be obtained from spokesmen for the principal constituencies who will be affected by the outcomes.

- That the sharing of data, information, and knowledge by proximate staffs enhances the quality, rationality, and effectiveness of the budget process.

- That, in a democratic milieu, differing value systems will create conflict; a system of checks and balances in our state and national governments was established to contain that conflict and prevent arbitrariness in major decisions.

- That the complexity and pluralism of the society cause government agencies to limit final authority to relatively few staff members, politicians, or advisers at the highest policy levels.

- That duplication and overlap in function among agencies may play a positive role in filling unexpected gaps of omission, providing different conceptual approaches and perspectives, and ensuring performance of function.

- That state organizations for budget review and their staffs are committed to making

more objective and more rational the form of the budget and the processes by which budgets are analyzed and formulated.

- That change in the society, with few exceptions, occurs through incremental rather than revolutionary or replacement actions, and that whatever the form of the budget the decisions reforming it will be incremental, although changes in amount of money budgeted for particular functions may at times be substantial.

- That no single theory of decisionmaking, budgeting, organization, or interorganizational relationships adequately explains state budget organization and process; but that several theories have much to offer in a partial understanding of the process.

- That, given the fragments available from extant theory, the open-systems approach to a study of the budget process is logical and probably the best available.

- That the diversity of the states in their cultures, mores, social organization, moral practices, and political and economic arrangements creates differences in their budget structures and processes. Thus, no single model of the budget process may be formulated that would apply to all states.

- That descriptive research on organization and process tends to set norms despite all denials, reservations, and caveats that may enter into such description.

- That the states are pragmatic in establishing agencies; those extant implement social functions to some degree of

satisfaction for the most powerful constituencies in the state.

- That the budget staffs of the governor and legislature have great influence on the total amounts, and incremental increases and decreases, of the budgets of their operating agencies.

2.

Organizational and Budget Theory versus State Practice

Organization theory grew from the concern for efficient operations in large industrial companies, and from the organization of personnel into effective operating groups, each specialized to perform functions in close coordination with others through structural and communications networks and specified methods of supervision. This focus, later expanded to other businesses and government (especially to the federal government), continued until the last two decades. However, few theorists and little research took into account more than the variables related to the smooth running of the internal organization, so adequately described by Weber (1947). Simon (1956, 1957), together with March and Guetzkow (1958), began the process of detecting organizational pathologies, some of which involved variables not controllable by manipulation of the internal environment. Only over time did the infrequent allusions in organization literature to competitors, market conditions, or governmental regulation yield to the realization that uncontrollable outside forces had important internal effects and must be reckoned with in theory. Most analyses of interorganizational relationships remained the separate province of those investigating antitrust and business-combinations phenomena, and of the internal-relations scholars who dealt with the macro world of organization--power and influence among nations.

The crossover among these separate areas of scholarly endeavor has come about slowly. Selznick (1957) provided guidance to would-be leaders of large organizations, recognizing leadership attributes that distinguish an organization in its competition with others for domain, stability, and institutionalization in a Hobbesian world. Thompson (1967), emphasizing the "open systems" view of the organizational world, dealt comprehensively with the single enterprise as it adjusts to and changes its internal structure and processes to deal with myriad external social and economic forces, organizations, and governmental intervention: At one end of the spectrum are the suppliers of raw materials and labor as inputs to the organization; at the other are the distributors, consumers, and clients. As Thompson perceives it, an organization sets up its internal structure in specific ways that reflect specific aspects of the outside world--a vortex of competitive, controlling, and conflicting pressures on the maintenance of organizational viability.

Downs (1967) analyzed organizations in the larger world by using a political perspective to show that power-and-influence strivings of individuals and organizations create predictable actions and adjustments. The work of political scientists and organization theorists has since been advanced further by scholars of public policy decisions. While the early policy analysts tended to oversimplify the decision process by conceiving it as primarily a linear development, current writers fully recognize the complex sets of social, political, and economic interrelationships that go into a public policy decision--although understanding the meshing of these elements remains something of a mystery.

In summary, organization theorists increasingly analyze internal structure and processes by examining how successful an organization is in responding to the needs, demands, and influences of impinging external organizations. The complexity of factors that enter into an analytic matrix for these purposes appears overwhelming. Yet scholars are becoming familiar with them, and in time may achieve understanding.

Despite these substantial advances in organization and decision theory, two conceptual areas that are of immediate critical concern to this study of state budgeting practices for higher education have received less attention: 1) theory on the public budgeting process, and 2) theory on how public agencies can relate to each other and cooperate in performing particular complex tasks efficiently and effectively.

Before presenting budget and interorganizational concepts, it may be helpful to review some theories, especially those that conclude that the the complex social organizational problems (with which this study is concerned) cannot be solved by using only traditional concepts of good structure and practice.

In the 1950s, several theories appeared about the sociopsychological need of employees at all levels and in any organization to have more initiative in setting goals and objectives, in self-growth experiences, and in freedom to use intellect and imagination (even intuition) in carrying out duties and responsibilities. Some parts of these theories were accepted, although reluctantly at first, as a legitimate contribution to better understanding of actual practice (which was becoming less committed to the Weberian model of bureaucracy and more to the Likert-Bennis-Slater-Argyris models of participative involvement in operational decisions). Temporary structures (committees, task forces) were also recommended for solving major problems, as was a much looser organizational mode of operation.

During this period, theory and practice proceeded concurrently, each reinforcing and bringing understanding to the other. The social psychologists' concerns for individual welfare within organizations led them to become increasingly critical of using systems technologies (including organizational and decision-process models) without projecting the long-range consequences to individuals--workers as well as managers and upper-echelon policymakers.

The challenge to routine handling of issues by rote and fiat, and for breadth of view, resulted in what Bennis (1966) calls the "temporary society." Bennis

suggests that temporary groups be drawn from many internal departments and from other sources as necessary to obtain diverse and expert opinions. The introduction of temporary structures in and among established bureaucracies led in turn to realignment of communications and information systems, and to means for expediting decisions.

At the same time, foresighted systems theorists like Churchman (1968) and Gutman (1976) went beyond the social psychologists by advocating models of problemsolving that anticipate relationships among broad social systems--to shatter the rather narrow configuration of factors of a single system that suffice for most theorists. These heuristic models force a broadening of conception and more intense concern for comprehending the totality of social variables bearing on a single social problem. This process continues today at an accelerated rate. As problems become more complex, and understanding their interrelatedness grows, new ways of dealing with problems become tests for experiment.

The incapacity of traditional bureaucratic models to provide creative responses to newly recognized social needs does not obviate the need for bureaucracies of the hierarchical type, nor does it displace the need for professional experts and leadership. Those who advocate horizontal rather than vertical structures for solving organizational problems are doomed to disappointment. Hierarchy in bureaucracy continues to serve many useful and often critical purposes. What has happened, and seems imperative in the future, is an increasing penetration of the walls that divide agency and departmental domains of responsibility and authority. Rather than accept the historic structure as adequate for the current task, crosswalks, bridges, and arterial highways are now constructed to bring departments into intercommunication, while drawing on professionals with a wide spectrum of experience and training. Such shiftings of the organization mode creates the need for a different type of specialist. Literature on the subject proliferates, applying to higher education and state budget agencies as well as to business and industry.

LaPorte (1971) indicates that "both the increased technical character of internal administrative processes and the tightening interdependent relationships between organizations prompts the introduction of professionals of various sorts into public organizations" (p. 66). He looks on the professional as an "uncertainty-reduction device" who acts as a screening mechanism for the diverse information and analytic communications directed toward the political policymaker. While he recognizes various types of professionals, he emphasizes those who nurture technological systems, bringing to the decisionmaker "an increasingly powerful political weapon based on deference to expertise and appeal to technical authority" (p. 69). LaPorte asserts that these technicians increase the policymakers' sense of certainty about decisions, particularly their consequences; but he also cautions that experts, if allowed to specify the criteria for problem solutions without direction from political leaders, often will invoke their own value systems and reduce the degree of control over decisions public officials have. In effect, he agrees with Weber that politicians will find it difficult if not impossible to stand up to the bureaucratic expert who has superior knowledge and analysis (Gerth & Mills, 1946). He offers hope that the values of leaders will prevail if the dimensions of a problem and the assumptions and criteria to be used in its solution are provided *for* the experts rather than *by* them.

Mosher (1971) views the problem of tunnel vision by experts as important, but states that "probably the nearest approach to pure rationality, with respect to any given problem, must be the product of a mix of differing professional perspectives on that problem" (p. 55). According to Mosher, our society is increasingly a professional society, led by professional people. By combining the talents and technological knowledge of a number of professionals, a satisfying if not optimal solution can be found. His assumption about the desirable characteristics of such professionals closely resembles that of Churchman and Gutman on the general interrelatedness of problems requiring a holistic rather than a specialized approach. Mosher (1971) wants professionals who work

together to "have a sophisticated understanding of social, economic, and political elements and problems of our times, including an understanding of the relation of their own work to that setting" (p. 56). He is also critical of governmental bureaucracies that fail to encourage (and instead discourage) greater mobility of professionals among agencies and departments. His picture of the professional reflects that "happy versatility" attributed to the Greeks by Aristotle.

Ramos (1972) identifies the "parenthetical man," who "is able to step from the stream of everyday life to examine and assess it as a spectator. . . . Parenthetical men thrive when the period of social innocence ends" (p. 244).

In reviewing futuristic literature, the concept that stands out above others is the need for versatility in individuals and in organizations. Flexibility, adaptability, and mobility are the watchwords for those who tackle the ever-increasing complexities of social problem-solving. Scholars generally agree that solutions to complex problems require a broad perspective rather than a simple examination of readily measurable variables for their economic and managerial outcomes. Technologies undoubtedly enlighten the argument over issues, making the discourse more rational (Argyris, 1973); but taken singly or in specialized clusters they fail to comprehend the interconnectedness of our emerging social problems, including those of higher education.

As a safeguard in the search for alternative perspectives for public policymakers, some scholars recommend that agencies should avoid becoming specialized cogs in a machine, serially turning out documents by passing them from one agency to another for specific increments of analyses. They see the value of specialization, but their research indicates not only that overlap, duplication, and redundancy can serve positive purposes, but also that to rely on the linear systems approach may bring disaster.

REDUNDANCY

Dror (1968) borrows from the game theory and cybernetics of Von Neumann the idea that redundancy contributes to optimal policymaking. He states that the policymaking structure should be redundant, and that

> *This idea sheds new light on the positive functions performed by some structural characteristics of democracy, and by governmental organizations in general, which are often mistakenly regarded as "wasteful" because they are "duplicated." The current criterion should be that the more critical a certain policy issue or one of its phases is, the more redundancy should be provided as a way to minimize the risk of mistakes. (p. 211)*

Landau (1969) elaborated on this concept, relating it to democratic governmental organization by drawing on cybernetics, biology, and neurology. Overlapping "denotes the tendency of neural networks to resist that kind of precise differentiation of function which is mutually exclusive. . . . It is this overlap that permits the organism to exhibit a high degree of adaptability, i.e., to change its behavior in accordance with changes in stimuli" (p. 351). In applying this idea to democratic government, he indicates that the founding fathers, in writing the Constitution, did not consider men to be angels nor the systems they created to be foolproof. Rather,

> *The charter of the national system is a patent illustration of redundancy. Look at it: separation of powers, federalism, checks and balances, concurrent powers, double legislatures, overlapping terms of office, the Bill of Rights, the veto, the override, judicial review, and a host of similar arrangements. (p. 351)*

As a result, he asserts, the whole of our governmental system has been "more reliable than any of its parts" (p. 353), and he chides public administration scholars for attempting the absolute in differentiation of function and activity by postulating that "a system can be no more than the sum of its parts: Reliable components, thus, add up to a reliable system and per contra" (p. 354).

Both Dror and Landau discriminate between useful and wasteful duplication, each admitting to the difficulty of making that determination and aware that some redundancy may be superfluous and some essential to optimal operations or policymaking.

Findings from the 17-state study show a moderate to high degree of overlap in function among three types of budget review agencies, together with the added overlap resulting from the several staffs in the legislatures that focus on roughly the same policy issues. These areas of duplication are defined to some extent in the several volumes of the study (Schmidtlein & Glenny, 1976; Purves & Glenny, 1976) and in subsequent chapters of this monograph. In analyzing the data and findings, using redundancy as a positive as well as negative factor in optimal budget-making for higher education, we made rough assessments of the critical activities requiring some overlap between two or more agencies and those resulting only from bureaucratic competition and lack of communication among the agencies. The last chapter contains suggestions for creating more rationality in public administration, while at the same time preserving what we believe is valuable redundancy.

STATE PRACTICE VERSUS BUDGET THEORY

As indicated in Chapter 1, the literature on budgeting is scarce. Wildavsky's *The Politics of the Budgetary Process* (1974) is perhaps best known and most respected. The 1974 edition adds several chapters pertinent to current issues to the material in the 1964 edition. Wildavsky provides a most readable account of the political dimensions of budget formulation at the federal level, including

strategies, tactics, and the decision processes used in the executive office, management and budget office, congressional appropriation committees, and the Congress. Most of the material is applicable to state-level political decisionmaking on budget matters. Indeed, a statement from the 1964 edition led, in part, to this study. Among other research needs the book points out that research on the process of budgeting has been sorely lacking. Wildavsky has supplied part of that need in a most exemplary fashion in his studies at the federal level, as well as of other countries.

Our conclusions about state government decisionmaking in budgetary matters differ in part from those of Wildavsky about federal operations, and grow out of some 25 years of direct contact as well as research on state government activities. We indicate some dichotomy between our views and Wildavsky's to give the reader a clearer perception of the theoretical and descriptive literature on governmental budgeting. In discussing the budget literature, and the literature on organizational relationships, other authors offer propositions that compare to the findings in the present study. Since much scholarship deals with federal rather than state budgeting, the contrasts drawn will show ways in which state practices differ from federal ones. One should not attribute similarity of practice at federal and state levels to those matters not mentioned here; minor matters and concerns are omitted. And regardless of the generalizability of federal practice, one or more states can always be identified as exceptions.

First some of the observations and conclusions Wildavsky reaches about federal budgeting processes should be summarized and then compared with conclusions from the 17-state study. Although Wildavsky cites many exceptions, he generally characterizes the roles of the principal participants in the budget process as follows: Operating agencies are spenders, the executive budget is a spending agenda for such agencies, and the appropriation committees of Congress are the watchdogs of the treasury and thus "cutters" of the executive budget. "Appropriation committee members tend to view budget officials as people with vested interests in raising appropriations" (Wildavsky, 1974, p. 19).

In several states, particularly those with strong governors, the situation is almost the reverse of the traditional federal picture. By their constitutions, most states may not incur indebtedness for current operations; the governor must present a balanced budget--that is, one that shows no greater expenditure than the estimated revenue. (He may include estimates of revenue from newly proposed taxes.) The legislature often increases items in the executive budget or adds new programs which, in aggregate dollars, exceed the governor's estimate of revenue. (The legislature frequently justifies its actions by claiming that the governor's revenue estimates are too low.) After appropriation, the governor uses his line-item veto or item-reduction powers to bring the budget back into close conformity with his estimate of current revenue--usually a new one made late in the legislative session. Thus, in states where indebtedness for governmental operations is prohibited, he becomes the guardian of the treasury while the legislature becomes the spending political arm. Further, the two houses of the legislature usually have slightly different perceptions of their respective roles, with the upper house more conservative and more aptly labeled guardian of the treasury than the more populated lower house. The Maryland constitution goes so far as to require the legislature to propose new or increased taxes for any increase it makes in the governor's budget bill.

Another variant from general federal budget practice is found in two states that continue to use the former general practice of preparing a joint executive-legislative budget (a practice that Wildavsky strongly rejects at the federal level because of its denigratory effect on the system of checks and balances). Mississippi follows this practice, which may be attributed to the lack of two effective political parties in that state. Still other states have an executive budget that is basically ignored by the legislature (for example, Colorado). Often, weak-governor budgets can be characterized as spending agendas, in Wildavsky's terms, to which the legislature reacts by establishing its own budget either as a single document or as a series of unrelated appropriation bills, and also acts as an agency sharing responsibility for

shaping the budget to estimated revenues. Some states, however, may incur debt for operations and thus present still further variation on cutter-spender roles.

Wildavsky indicates that one critically strategic and tactical matter is how much an agency should request, knowing that cuts will occur at one or more points in the review process, and probably in some proportion to the amount requested. The same problem confronts state agencies, including college and university systems and state coordinating boards for higher education. Historically, governors have seldom set predetermined dollar amounts or specific percentage-increase limits on agency requests; however, during the 1975-76 period of depression and shortfalls in state revenue, some governors gave the "signals" that Wildavsky mentions in the form of dollar ceilings or percentage increases or decreases from the previous year's base within which the agency was to submit its budget. Such ceilings in strong-governor states can be effective in determining how much of a spender each agency will be. The proportions allocated to any agency are predetermined in the executive branch rather than allowed to be made through the budgetary process itself. Even if an agency ignores the forewarnings and asks for and receives increases from the legislature, the governor can reestablish these predetermined shares with his line-item veto or item-reduction veto.

One way in which federal agencies maintain long-term budget stability in the volatile political arena is by associating more closely with the chairman or selected influential members of the appropriation committees (all with long years of tenure), rather than with the president and his budget office. This practice also characterizes state agencies, including higher education institutions. However, state coordinating boards, while in some cases legally responsible to both governor and legislature, have slid into or inclined toward the governor's camp. In strong-governor states the board can hardly avoid this fate if the governor wants control, because he can absolutely determine the dollar budget for board operations. But even in weak-governor states these boards often fail to see that their long-term survival rests on as close a relationship with the legislature as with the governor.

According to Wildavsky, individual congressmen can have major influence on the money amounts finally authorized for individual programs or entire agencies. The enmity of a single powerful person can be disastrous for an agency. The many opportunities for injecting wrath--or favor--into the federal budget process can keep an agency on tenterhooks. This is so in most states, in part, and absolutely in some; but again the conditions in a strong-governor state often give less influence to individual legislators or appropriation committees than at the federal level. While cuts made below the executive budget by the legislature cannot be restored, in most states the governor has the power to reduce all legislative favors to the dollar level that satisfies him. Hence legislators can limit and harm agencies, but if they want specific increases a deal must be negotiated with the governor. There is a tremendous amount of give and take, compromise, and logrolling between the two branches of government over the many budget items and policy matters, but in the strongest-governor states the executive exercises so much power that, with very few exceptions, it would be a mistake to assume as high a degree of influence by individual legislators or committees as exists at the federal level.

In no way does Wildavsky deprecate the quality or usefulness of staff work, but the impression left is that politicians really make the effective decisions, large or small, about the budget. However, we feel that in most states--for reasons already cited and for other reasons that immediately follow--staff analyses and decisions (recommendations to politicians) collectively account for a very large proportion of all changes made in agency budget requests from one year to the next (that is, incremental changes), and that politicians actually play a much smaller role than their rhetoric would have us believe. Legislative talk about budget raises and cuts often sets the tone taken by the state government and appropriation committees; it influences the attitudes of constituent groups, the economy of the state, the relative priorities of state services, and at times the financial welfare of particular state agencies. And, of course, such talk also affects legislative budget staffs. However, with no more specific direction than this, many

budget review staffs set the budget priorities, determine what programs will be most or least favored, and make the thousands of other decisions that go into a state budget. Politicians have time to focus on only a few issues of special concern to them or over which they have paramount influence, and occasionally they ignore staff recommendations entirely; but in the end (in the appropriation bills signed by the governor) the actual cuts and revisions made by legislators and the governor constitute a small fraction of the total budget and a small fraction of incremental changes over the previous appropriation. This encompasses the influence of politicians who may ask or command staff members to make changes in documents while in preparation.

Two reasons stand out for this conclusion. One already touched upon is the increasing need for, and reliance on, professional staff specialists who can collectively deal more thoroughly and rationally with complex policy issues than a legislator who may be an amateur or near-amateur in some areas of public policy. Major exceptions to this generalization--and there are many--are legislators who hold membership on a committee for long periods of time and whose interests are focused on one or two problem areas; such persons may become experts in their own right. However, the biennial election turnover, the short terms of office, the short legislative sessions, and the pecking order of committee assignments, all tend to fragment the attention that is given to particular problems by a great majority of legislators. They are sometimes baffled by the decisions they must make, and while the problem is alleviated by systematically letting committees make the real decisions for the legislature as a whole, the collective committee membership may not be much better informed or capable of making the decisions than is the individual legislator. The move toward increasing the number and quality of legislative staffs tends to counter executive power but at the same time provides better information, more thorough analyses, and more suggestions for resolution of complex issues.

The second reason for growing staff dominance in state budgetmaking, previously mentioned, is the increasing recognition that burdensome problems presented by higher

education institutions and postsecondary education cannot be solved by one specialist or one bureaucrat. Complexity requires that a number of professionals of varied specializations and perspectives study, analyze, and formulate satisfactory solutions to given problems. Legislators and the governor may tinker and adjust, but only rarely (as in Pennsylvania where the legislators dominate) do they fully override the staff. The evidence supports Weber's (1947) insight on the helplessness of politicians when confronting agency specialists. The executive budget and the legislative budget and appropriation staffs are almost as much agencies, in Weber's sense, as those that administer the services of government.

Scholars of public policy (Lindblom, 1968; Niskanin, 1972, 1975; Wildavsky, 1974) have suggested that the President and Congress could increase their decision-making capacity and alternatives by increasing their policy analysis capabilities--which means increasing the number of professional staff. The intent is to provide politicians with rational alternatives and the probable consequences so that they can apply their own values and priorities in choosing among them. While there is apparently no other ready means for improving the lawmaking or budgeting qualities of government, it is doubtful that this solution does more than put additonal professionals on the scene and further reduce political discretion, because professionals come with their own values and attitudes about a problem. While, as Mosher (1971) suggests, the politician could force the professional to employ his values, in order to have a "feel" and some opinions on a complex matter the politician must have acquired some prior expertise. He must also take the time and make the effort to transmit his assumptions to the professionals dealing with his problem. Given the present reality of ever tougher and more numerous problems, and with the rapid turnover of legislators who represent more and more fragmented sets of beliefs in the society, it appears possible that professionals could lead the society, and the politicians too.

An example of professional influence on political leaders is PPB, one of the most controversial aspects of

current budgeting. PPB was first proposed and then persistently pursued by professionals to convince reluctant politicians of its worth. Legislators using a democratic process for incremental budgeting were especially wary of the technical systems approach of PPB. On first blush, tne form of the budget document might seem inconsequential in affecting interorganizational relationships or relationships between professional and politician. And indeed, strong controversy rages between professionals and scholars over PPB versus incremental forms. But the pro-program supporters (not usually committed fully to PPB) are winning over governors and legislators alike. Three reasons are offered for this. First, while state budgets (no less than federal ones) have been based traditionally on objects of expenditure (often with such objects placed in a functional budget format leading to incremental increases), in our survey we found that of 42 executive budget offices responding, 30 claimed that a PPB system had been implemented in their states, but eight of those reported that it has now been largely abandoned. Second, 29 of those surveyed reported that, within states, either legislative or executive agencies (or both) had been created for program performance auditing over and above the traditional fiscal audit. Sometimes these were separate new agencies and at other times the function was attached to an existing audit or budget agency. Third, staff members who were interviewed, especially the young and less experienced, were particularly enthusiastic about the merits of program budgeting (although a few "old hand" executive staff were already cynical about its worth). We can also assume from these findings that the form the budget takes has some bearing on the number and type of agencies dealing with the budget and its evaluation, the structure and interrelationships of the agencies, as well as the types of professionals employed.

Other authors might be cited, but Wildavsky and Schick seem to square off and delineate the opposed expositions on PPB most clearly. In the 1964 edition of *Politics of the Budgetary Process*, Wildavsky concludes that program budgeting (PPB) is inferior to incremental budgeting, and in the 1974 edition he adds a chapter supporting that argument.

> *First, the traditional procedure increases agreement among the participants whereas the program device decreases it. Second, the program budgeting procedure increases the burden of calculation on the participants; the traditional method decreases it. And, third, the specific outcomes in the form of decisions are likely to be different. (p. 136)*
>
> *Agreement comes much more readily when the items in dispute can be treated as differences in dollars instead of basic differences in policy. . . . Party ties might be disruptive of agreement if they focused attention on the policy differences between the two political persuasions. . . . The practice of focusing attention on program means that policy implications can hardly be avoided. . . . The gains and losses for the interests involved become far more evident to all concerned. (pp. 136-137)*

Schick (1971) traces the history of budget "reform" from the early 1900s through performance and functional budgeting to the early state experiences with PPB. He concludes that PPB has not made the gains one would expect from its logic, and discusses reasons for its ambiguous position, even in states that have made serious attempts to implement it. In the concluding chapters of *Budget Innovation in the States* he replies in part to Wildavsky's arguments, lamenting the fact that spokesmen for the status quo were impeding greater rationality in the budget and decision processes:

> *Wildavsky is right: "No significant change can be made in the budgetary process without affecting the political process." But does this mean that political factors make budget reform impossible? . . . A half century of tradition building has produced an entrenched "budgetocracy," set in its ways and habituated to*

its routines. There is a habit of looking at the lines and not at the results. (p. 193)

Unless one is prepared to argue that every aspect of budgeting (and of administration for that matter) is political, it is not plausible to regard budgeting as a perfect replica of politics or as beholden to politics for its character and practice. . . . There are many PPBs, many ways of applying the rudiments of planning and analysis to public choice. . . . "Politics" sometimes is used as an excuse for whatever happens to be . . . it's a way of favoring the status quo over the potential. (p. 194)

What is common to most governments is their bureaucratic machinery for resource allocation. (p. 195)

The incrementalism-partisanship school appears to challenge the rationalist model of budget reform on three grounds: "muddling through" versus planned action; advocacy versus analysis; systematic versus piecemeal decisionmaking. (p. 220)

PPB is premised on the conviction that public problems today are too complex to be left solely to guesswork. . . . Its purpose is to improve the bargaining process, not to eliminate it. (p. 201)

Wildavsky replies to his critics, including Schick, in the 1974 edition and in several journal articles (1967, 1973), arguing primarily that PPB, if fully implemented, would destroy or seriously damage our system of political decisionmaking, especially the roles of professional budgeters, and would require extensive reorganization of government agencies toward "an extreme centralizing bias." A few quotes give the flavor of his newer arguments:

It is hard to find men who take up the cause of political rationality. . . . One is driven to a philosopher like Paul Diesing . . . [who writes] . . . "the political problem is always basic and prior to the others. . . . This means that any suggested course of action must be evaluated first by its effects on the political structure." . . . Once the political process becomes a focus of attention it is evident that the principal participants may not be clear about their goals. (p. 191)

Political costs and benefits turn out to be crucial. . . . By supporting a policy and influencing others to do the same, a politician antagonizes some people and may suffer their retaliation . . . hostility costs mount . . . loss of popularity . . . loss of esteem . . . loss of effectiveness. . . . A major consequence of incurring exchange and hostility costs may be undesirable power-redistribution effects. (pp. 192-193)

The choice of a highly controversial policy may raise the costs of civic discord. (p. 193)

All the obstacles previously mentioned, such as lack of talent, theory, and data, may be summed up in a single statement: No one knows how to do program budgeting. (p. 201)

I will take my chances with the Annual Expenditure Increment. (p. 208)

Since Schick's 1971 study, the states have experienced five more years of attempts at budget reform. Those attempts have advanced several states from outdated object-expenditure budgeting into the performance-functional

type, although remnants of object classes remain in budgets of many if not most states. Most states studied persist in adopting some form of budgeting which is called "program," although the form differs dramatically from one state to another, and what one state calls a program another will have abandoned as one of the old functional classifications. Schick is vindicated in stating that "there are many PPBs, many ways of applying the rudiments of planning and analysis to public choice" (p. 194). Each state gradually adapts its previous budget methods and form to reflect its particular political mores and structures. As the budget officer of California (Beach, 1975) stated at an annual meeting of the National Association of State Budget Officers in August 1975, "The states are moving toward program budgeting, though slowly enough so as not to disrupt proven political and budgetary processes nor to extend themselves beyond their capacities to analyze what they have."

Legislatures appear much less enthusiastic about program budgeting than the executive officers--an outcome predicted by both advocates and critics of PPB. The experiences of Kansas, Michigan, and Washington are instructive: Institutions must submit two budgets each cycle, a program budget to the state budget office and the traditional functional budget to the legislature. Nevertheless, staff members continue to force some type of program budget on higher education and the politicians. Many are inexperienced, newly graduated staff working in legislatures and executive budget offices; some are not. Some seem to believe that the pure model should be effected immediately by the colleges and universities, and that only stubornness or secretiveness prevent them from doing so. These ideal models so glowingly described by the original advocates (Novick, 1954; McKean, 1958) were precisely those carved up by Wildavsky, and which Schick says portend an "omnipotence and omniscience" they do not possess.

There are critics who claim that higher education is slow to change. Now we find colleges and universities appearing to lead rather than being pulled into budget reform. Bowen and Glenny (1976), in studying criteria and procedures for allocating resources under budget reductions

(a subject not dealt with by budget scholars) found that the first round of reductions is absorbed by slack in the organization and by across-the-board cuts, without direct detriment to programs. Later rounds of decreases force institutions to set program priorities, to make cuts in the weaker ones and those less supportive of the institution's core mission--actions that require long-range program planning and analysis. Thus, within the institution budget requests result from planning for program priorities. Some state budget officers who have pleaded for years to get institutions into a program budgeting format now find higher education running ahead of them (but often well behind the more zealous staff advocates).

Several "Big Ten" universities, and the University of California, have used unit costs in program form for management activities for a good many years (Glenny, Shea, Ruyle, & Freschi, 1976). Other public colleges and universities are adopting the program classification adapted by the National Center for Higher Education Management Systems (NCHEMS) from the Higher Education General Information Survey (HEGIS). Given the long-term projections of enrollment and of finances for higher education, program-type budgeting will continue--no doubt in a form alien to the purists (as in PPB) but pragmatic for budgeters. If it works, even in attenuated form, in one of the states' most difficult areas--higher education--it may become the loose model for all state budgets.

The reluctance of state legislatures to adopt program budgets is easily understood because of advantages they offer the executive; but with the acquisition of professional staff analysts and the increasing complexity of budgetary and legislative problems, some legislative leaders now assert the need for long-range planning and more analytic capacity (New York Symposium, 1975). Only time will tell whether legislators can accommodate themselves to planning that reduces the amount of bargaining so critical to member reelection and political decision-making. The authoriztion of new program-performance audit units seems to reenforce the planning-program aspect, but again, by making use of staff recommendations, it reduces the options for legislators and their committees. Organizations become operational before their functions are

clearly understood or estimates are made of consequences to the freedom of individual legislators. The machinery already extant in most states leads us to believe that professionals will force budgets increasingly into a program form, and that audit agencies will insist that much more detailed information be made available for each program.

None of these audit or budget agencies have as a goal the review of the complete panoply of programs of higher education or any other agency during a single budget cycle. They review some programs in depth each cycle and direct their analyses to legislative and executive concerns. Without a long-term, well-publicized schedule of such reviews, however, colleges and universities must furnish the data and information bases for all programs, not just those to be reviewed in a particular year of budget period. If Downs's law, which states that over time monitoring agencies require increasingly detailed information, is valid, the likely consequence will be the data and information overload that Wildavsky and others predict as the downfall of any PPB system.

3.

Agency Structures, Roles, and Staffs

The Schmidtlein and Glenny volume of this series of reports describes in detail the functions and roles of the several different state staff agencies that develop and review higher education budgets--the higher education agency, the executive budget office, and the legislative budget staffs. In this chapter we focus on selected aspects of agency interrelationships, that is, the amount of competition and cooperation that arise out of a common concern for budget review. Aspects that relate to the agencies within their state structures are: legal power, role definition, functions, information and communication arrangements, and staffing. Our objective is to discover the extent to which staffs overlap and duplicate activity, and the degree to which they engage in coordinate efforts to minimize redundancy.

STATE HIGHER EDUCATION AND BUDGET AGENCIES

This study concentrates on three types of agencies: those which, superficially or in detail, review the operating budget requests forwarded by the public colleges and universities. Other state agencies (for student financial aid, physical facilities, and vocational-technical education) were not deemed of sufficient importance to institutional budget requests to be included. The three main types still pose difficulties of classification for purposes of

comparing their functions and processes across the states, and even greater difficulty in setting up taxonomies to distinguish commonalities and differences among these three within a state. Across states the executive budget office probably has the most functions in common, but it can be located in the governor's office, in a separate agency, or buried among a number of management and fiscal functions of a department of administration (Bell, 1967). Still more difficult to define are higher education agencies and legislative staffs whose wide ranges in power, function, and role can defy the best efforts of scholars to categorize them into rationally derived niches.

Although a number of researchers have attempted to classify state higher education agencies (Glenny, 1959; Pliner, 1966; Paltridge, 1966; Millard, 1976; Carnegie Foundation, 1976), Berdahl (1971) has provided the most useful set. His *Statewide Coordination of Higher Education* (1971) elaborates on Glenny's classifications as well as those of Pliner and Paltridge. Since 1971, Berdahl and others have developed extended systems that seem to this author less helpful than Berdahl's earlier and simpler effort. Detailing virtually to the point of placing the agency in each state in a different slot may provide greater scholarly understanding of the complexity of classification, but it tends to confuse rather than clarify issues for most officials and citizens.

Literature that adequately describes the many different types of legislative staffs is still developing. Bell (1967) began this work some years ago, but given the newness of many of these staffs, most taxonomies are outmoded by the time of their release.

Chart 1 borrows from several authors and shows the possible permutations of the simplest classifications for each type of agency found in this study. Even with this simple set of classes, no two of our 17 states fit into the same cells in each column.

The structure in a state for review of budgets provides as much potential for overlap and duplication among agencies as for the possibility of cooperation.

Chart 1

CLASSIFICATION OF STATE HIGHER EDUCATION AND BUDGET AGENCIES IN 1973

State higher education agency	Executive budget office	Legislative budget staffs
Voluntary Presidents Board members Mixed	Governor's office Separate agency Administrative department Joint, with legislature	Nonpartisan, centralized, single staffs Nonpartisan, centralized, multiple staffs Nonpartisan, decentralized, multiple staffs Partisan, centralized, multiple staffs Partisan, decentralized, multiple staffs
Statewide governing board Secretarial Presidential		
Coordinating agency Regulatory Advisory		

Joint legislative budget staffs would appear at one end of a linear model of cooperation, and the partisan division of a separate committee budget staff at the other; or, in the higher education agency, from a loose voluntary agency to a single powerful statewide governing board headed by a president and staff. The following sections summarize some dimensions of structure, range of power, activities, and staff sizes for each of the three types of agencies. These generalizations may not describe any single extant agency, but they give an overview necessary for later discussion.

The State Higher Education Agency

As shown in Chart 1, there is a wide variety of agencies among the states ranging from purely voluntary arrangements by presidents of the public institutions to a very strong system controlled by a single board and a powerful president to whom chief campus officers report. The type of organizational arrangement of the higher education agencies affects budget practice and the relationship of higher education with the state budget staffs.

Voluntary Groups. Voluntary groups have usually consisted of the president of a public institution or, at times, the president and a member of the governing board, usually the chairman. Until recently, only Nebraska (one of our 17 states studied) retained such an organization. (In 1976 Nebraska created a statutory advisory coordinating agency.) Table 1 shows the growth in other state higher education agencies.

No state authority is vested in such groups per se. The power or influence they exercise derives from the authority of individual participants in their official capacities as president or board member. Collectively, such groups have at times been very influential (in Indiana and Ohio in the 1950s and early '60s; in Washington during the later 1960s). These voluntary agencies preceded the establishment of coordinating agencies in most states. Their primary missions have been to agree on budget

Table 1

HISTORICAL GROWTH OF STATE HIGHER EDUCATION AGENCIES (Cumulative totals)

State higher education agency	1930	1950	1960	1969	1976[a]
Voluntary	0	3	5	4	1
Statewide governing board	10	15	15	16	19
Regulatory coordinating agency	1	2	5	15	19
Advisory coordinating agency	0	1	5	13	9

[a] During 1976 Maryland left the advisory ranks to become regulatory and Nebraska left the voluntary category to become advisory, making the final figures, as of August 1976.

20 regulatory
9 advisory
0 voluntary
19 statewide governing
2 no agency

Source: Berdahl (1971) for 1930-1969 figures; Carnegie Foundation (1976) for 1976 figures.

matters, often on the proportion of state appropriations allotted to each institution, to increase such appropriations, and to settle minor conflicts such as student transfer, admissions standards, and curriculum specializations. Their decline can be attributed to the apparent self-interest projected to the state political arms and to the inability to reach consensus on important matters of location and control of branch campuses, medical schools, or the share of capital budgets. Indiana, Ohio, and Washington each had successful records for ten or more years, with Washington showing a planning capacity unparalleled by other voluntary agencies. Generally, however, the life of a voluntary agency in the 1960s was short, usually a year or two. Only rarely did these agencies hire professional staff specifically for the group (Colorado and Michigan were once exceptions); instead staff, if any, were usually borrowed from the larger and more powerful institutions. Nebraska's agency had no staff and little influence on state policy; it worked primarily to obtain a united front in seeking state funds.

Statewide Governing Boards. The first statewide governing boards (Florida, Iowa, North Dakota) came into existence early in this century for reasons of economic stringency. Other states (Georgia and Oregon) followed suit in the early '30s for the same reason. Such boards are found in states less wealthy, less urban, and less populated than the national average. Earlier boards were generally appointed by the governor and had the same full governing powers as a board for a single institution. Each institution kept its identity and its president's role intact, unlike the more modern practice of combining four-year colleges and universities into a single university (as was done in North Carolina and Wisconsin, among others). The difference between the two subtypes is considerable. The older established board exercised power through the president of each institution, and sometimes intervened directly in the internal operations of the institution. It set the agenda, using two or three people in its central office to act as secretary of the board. The newer consolidations give full governing powers to a board but also concentrate greater power and control in the hands of a

"super" president or chancellor and his staff. Through his executive budget, in 1972 the Governor of Wisconsin almost single-handedly consolidated the University of Wisconsin campuses in Madison and Milwaukee, and two other campuses in Green Bay and Kenosha, with the Wisconsin State University System--previously a state college system. The chief campus officers are subordinate to the president of the University of Wisconsin System and are subject to imposed requirements for information and responsible to the central staff for budget justification. The president's staff are usually top-level professional administrators with a coterie of professional specialists characteristic of major public universities. Of the six statewide governing boards in our 17-state study, three had secretarial-type staffs where the campus presidents dominated the budget process, and three were controlled by one president and his staff.

These statewide governing boards review requests from each institution or campus in the state system of universities and colleges and, in some states, two-year colleges. The review process varies in intensity and depth almost in proportion to the number and professional qualifications of the board staffs; the "presidential" type provides the most thorough analyses. Where a secretary (under several different official titles, including "chancellor") staffed the board, we found a clear tendency for the presidents of one or two major universities to dominate and heavily influence the budget recommendations to the state. At political public hearings, the "super" president in the first subtype, and presidents in the second, made the pleadings--the latter occasionally with help from the chief secretary. Table 2 shows the number of states in which the statewide governing board or coordinating agency has certain responsibilities.

Coordinating Agencies. At the time of our fieldwork, 28 coordinating agencies were in operation. (Subsequent changes are reflected in Table 1). Of these, nine were advisory to the institutions or state government on many matters including those relating to the budget. The remaining 19 agencies had statutory (de jure) powers (only New York and Oklahoma have constitutional coordinat-

Table 2

POWERS AND DUTIES OF STATE HIGHER EDUCATION AGENCIES

Powers and duties	*Number of states*
Responsibility for planning for	
Public senior institutions	*47*
Public junior institutions	*41*
Private institutions	*23*
Proprietary institutions	*11*
Responsibility for budget reviews and recommendations	
Review individual institution budgets	*39*
Review and recommend	*11*
Recommend aggregated budget	*33*
Responsibility for program review and approval	
Review and recommend only	*8*
Approve	*39*

Source: Berve, N. (1975).

ing agencies) ranging from recommending on new programs and on the general level of budget requests to giving final approval to all new instructional programs, reorganization and creation of departments, or services proposed by the institutions. Their powers allow for item-by-item as well as program review of each institutional budget, and for the consolidation of these separate budgets into a single one for use by the governor and legislature. However, these legal differences may not accurately reflect the actual influence of each type of agency. Some advisory ones, such as those in Maryland and Washington, have built confidence with the state government to a greater extent than those with strong statutory powers. A few agencies with substantial legal power fail to exercise it, becoming, de facto, only a weak advisory council.

Limitation of an agency to advise only appears to be the next stage in the development of statewide coordination, after the use of voluntary groups has failed. From this point, powers are gradually (sometimes speedily) added, converting the agency into a regulatory organization. Maryland did this in 1976, after our fieldwork was completed; its agency was given substantial program, planning, and budgeting powers that changed it to the strong regulatory type.

Once an agency becomes regulatory, the legislature and governor may continue to add new powers from time to time. While little power may initially have been authorized, over the years the accumulation of powers can result in a truly powerful agency, sometimes without public, legislative, or gubernatorial recognition of the fact. However, the regulated institutions know the extent of the control that is exercised. The tendency of the states is definitely to increase the powers of their coordinators; in an address at the annual meeting of State Higher Education Executive Officers in 1973, Millard reported that in the 1973 legislative sessions, 23 states increased the powers of their agencies--possibly the most in any one year.

Usually the initial enabling laws creating coordinating agencies include delegations of power from among those held by the political arms of government. More recently power awards (ostensibly for increasing accountability by centralizing responsibility) are diverted from those exercised historically by institutional governing boards--matters such as admissions standards, the number of new students, transfer requirements, and enrollment ceilings. Hence the stronger coordinating boards tend to become governing in character. Institutional governing boards, their powers eroded by such transfer, find themselves increasingly left with only administrative or ministerial capacities rather than policy-creating powers. Some coordinators and observers attribute this shift to the inability of governing boards to exercise power in accordance with the public interest as seen by governors and legislators.

While three states replaced coordinating agencies with statewide governing boards to obtain a single "accountable" body, these new accretions of governing board powers by the coordinating agencies appear to accomplish the same goal, almost inadvertently. We believe both tendencies are unwise, but see no end in sight for further delegations.

The loss to a state when it drops coordination in favor of central governance is considerable. There is not space here to elaborate on the subject, but the budgetary and efficiency implications are important. The new consolidated systems with strong executives, such as in North Carolina and Wisconsin, have (except for New York) larger staffs and therefore higher costs than any coordinating agency in the nation. As for efficiency, Niskanen (1975) has elaborated on the concept that centralization and the application of Weberian principles of specialization and hierarchy do not always contribute to efficiency. Indeed, Niskanen, drawing on recent research in economics and government, arrives at the conclusion that fragmentation and decentralization actually operate more economically and effectively than do highly centralized structures. His findings support a structure for higher education with a coordinating agency and a number of independent governing boards, rather than consolidating all public higher

institutions into a single "university." His point on efficiency could hardly be better illustrated than by the University of California, which consists of nine campuses and whose central staff for the Board of Regents is composed of some 900 to 1,200 persons, depending on whose figures are used. This number is more than seven times that of the most numerously staffed coordinating agency in the country (New York, with 146 persons), and exceeds the total staffs of all the higher education agencies in our 17-state study by at least 160 persons. Other "monopoly" boards of systems of institutions such as State University of New York and City University of New York also have staffs exceeding those of the coordinating boards. In seeking efficiency, state policymakers tend to look on the "one big board" as a way of achieving it--apparently unmindful or ignorant of its costs.

Second, with few exceptions, the statewide governing boards have poorer records in planning and forecasting than do coordinating boards. If the pleas of legislators and governors for a better, fuller, and more broadly conceived context within which to make budget decisions are to be met, centralized statewide governing baords have not yet proved themselves (Berdahl, 1971; Glenny, Berdahl, Palola, & Paltridge, 1971; University of Missouri, 1972).

Third, the basic data and information systems of the central boards, while adequate for administrative operations, are not usually geared to longer-range planning considerations. Moreover, their data rarely include that of the private colleges and institutes in the state so that decisions for the public system for programs and budgets can be considered in the broader context of post-secondary education. However, statewide planning, especially its concomitant forecasting and trending, were found in this study to be of high priority to both executive and legislative staffs.

Fourth, the coordinating agencies review budgets from a perspective quite different from that of a consolidated governing board and its institutions. Coordinating reviews take place after the several governing boards have

made their recommendations. The coordinators align the new programs, major expansions, new campuses, etc., with the state master plan for postsecondary education, including the private colleges and universities and the proprietary schools. As Table 3 reveals, the states with strong regulatory coordinating agencies are most likely to provide financial aid and equalization of tuition that private colleges and to some extent the proprietary schools have long sought. Private colleges come off best where advisory coordination or a regulatory coordinating agency is present, and least well with a single statewide governing board. This evidence from the Carnegie Foundation (1976) seems at strong variance with one of the council's major goals--that of aiding private institutions. The council suggests first preference for an advisory body, second preference for a single consolidated board, and final preference for a regulatory coordinating agency; but the evidence rather clearly indicates that private institutions get more consideration and financial help from states with coordinating rather than statewide governing powers. Although Table 3 shows only the highest 10 and 25 states, we find this to be true whether the highest 10, 15, 20, or 25 states are included. We do not ascribe cause-and-effect relationships between the type of board and state aid to private institutions, but the association appears to be significant.

A single governing board for public institutions (sometimes including the two-year colleges) speaks only for the interests of the institutions it governs, not for the public interest in which other institutions and agencies have a major stake. Over time, the likely consequence is another another coordinating agency to comprehend this more complex array of institutions (as Oregon already has done). In the meantime, statewide governing boards speak for a monolithic public system without the tempering intervention of coordinators to protect the interests of private colleges and universities, proprietary schools, or other organizations offering courses in postsecondary education. Nor do budget agencies in single-board states receive objective analyses of the issues inherent in the public institutional budget requests. The perspective of a state coordinating agency is lost.

Table 3

NUMBER OF STATES RANKING HIGH IN PUBLIC TUITION, STATE APPROPRIATIONS TO HIGHER EDUCATION, AND AID TO PRIVATE INSTITUTIONS, BY TYPE OF STATE HIGHER EDUCATION AGENCY

State higher education agency	Number of states[a]	Public tuition level, 1973-74[b]		State appropriations undergraduate student aid, 1975-76[c]		State aid per FTE in private institutions direct & indirect, 1974-75[d]	
		Highest 10 states	Highest 25 states	Highest 10 states	Highest 25 states	Highest 10 states	Highest 25 states
Statewide governing board	19	4	8	2	7	3	7
Regulatory coordinating agency	19	5	13	6	12	5	13
Advisory coordinating agency	9	0	1	1	5	2	4
No agency	3	1	3	1	1	0	1

Source: Carnegie Foundation. THE STATES AND HIGHER EDUCATION, 1976:

[a] Revised from Table 2, p. 90.

[b] Revised from Figure 26, p. 78.

[c] Revised from Figure 14, p. 54.

[d] Revised from Figure 29, p. 84.

Institutions have generally not supported coordination, and the large research universities in particular have opposed it. We have found in this study that such universities largely control the policy of statewide governing boards.

Loss of confidence in institutional governing boards leads to transfers of power to the coordinating agencies. The lack of distinct operational goals by coordinating agencies makes them vulnerable to the loss of budgeting and perhaps program review functions to executive and legislative staffs. Coordinating agencies may not operate perfectly, but as poorly as some do perform, the state benefits more from their perspectives on policy analyses and recommendations than it does from the perspective of a statewide governing board. These boards also encourage, far more than do single statewide governing boards, cooperation among the major components of postsecondary education.

The Executive Budget Office

The offices that aid the governor in preparing the executive budget generally fall into four classes: 1) part of the governor's personal staff, 2) a separate budget agency, 3) an office located in a department of administration that performs management and forecasting functions in addition to budgeting, or 4) a joint agency with a single staff for both governor and legislature. Studies that attempt to determine whether "place" in the state structure, or organizational distance from the governor to the individual budget analysts, makes a difference in the influence of these agencies are inconclusive; and the distinction does not appear to be worth pursuing. One quote (Shadoan, 1961) will suffice to show the offsetting gains or losses by the location of the budget agency in the state's structure:

> *One budget director, a civil servant in the department of administration, listed strong advantages for placing the budget function directly under the executive*

but also listed the loss of good relationships with the legislature as a serious disadvantage. (p. 73)

Our study indicates that location, in relation to the governor, does not affect interagency competition or cooperation if agency personnel are professionals or professionally qualified. Only two states, Mississippi and South Carolina, continue to follow the practice of using a single legislative-executive staff for preparing the budget. Hence, we make no distinction among the state executive budget offices according to any classification of "place" in the structure. Although classification is important for coordinating agencies, it appears not to be so for executive budget offices (Schmidtlein & Glenny, 1976).

Budget office powers, often set forth in enabling legislation, are at times deceptive. They result not purely from legal authorization or executive orders (or even from close association with the governor as leader of his state and political party); but rather largely from the budget office's own influence on the governor, and in turn from the governor's influence on the legislature. Budget staffs that strongly influence state policy are seldom found in weak-governor states. Even in states with strong governors, as classified by political scientists, the office may be weak if the governor perceives the budget as a low-priority item on his political agenda, or lacks confidence in his staff.

Schlesinger (1965) thoroughly analyzes the relative power positions of governors in the 50 states. He uses four criteria that he weights by a point system, determines a scale of power for each criterion, and then aggregates the points across criteria to reach a total for each gubernatorial position. Using his system, last applied to the states in 1969, on a 20-point scale the median power of governors was 15. Twenty-four states fell above the median, six at the median, and 20 below the median (see Table 4). Perhaps the median itself is significant; it is three-fourths of the way up the power scale.

Table 4

STRENGTH OF GOVERNOR RELATED TO TYPE OF STATE HIGHER EDUCATION AGENCY

Strong-governor states (above median, N=24)		*Weak-governor states (below median, N=20)*		*Median states (N=6)*	
Coordinating agencies	*17*	*Coordinating agencies*	*7*	*Coordinating agencies*	*4*
Advisory	*7*	*Advisory*	*4*	*Advisory*	*1*
Regulatory	*10*	*Regulatory*	*3*	*Regulatory*	*3*
Governing boards	*6*	*Governing boards*	*12*	*Governing boards*	*1*
Advisory	*2*	*Advisory*	*4*	*Advisory*	*0*
Regulatory	*4*	*Regulatory*	*8*	*Regulatory*	*1*
No agency	*1*	*No agency*	*1*	*No agency*	*1*

Source: Based on Schlesinger index of governors (1965), and on Carnegie Foundation (1976) classification.

Schlesinger points to the item veto and control over the budget as the governor's chief sources of power, while the weakest are his lack of appointive power (because many other state offices are elective) and his short tenure. However, Schlesinger concludes that governors are gradually gaining power; the number of elected officials in the states decreased between his first 1960 survey and its update in 1969, and the tenure of governors increased, primarily because of the shift from two- to four-year terms. Both trends seem likely to continue (although not indefinitely), lending more rather than less power to governors. Thus, the state budget office appears likely to increase in power and influence, even during a time when the legislature seems determined to limit that power by acquiring professional staffs, data bases, and policy analyses.

Schlesinger delineates the political facts that may cause a governor who appears weak by his four criteria actually to be quite strong in a less populated or less politically complex state, through patronage, personal relationships, and general intimacy. The large industrial states are the most complex in terms of socioeconomic environment and rate highest in gubernatorial power. Of the governors' positions in our 17-state study, six ranked at 19 and 20 on the 20-point scale and four ranked below the median of 15--one the Texas governorship, at the bottom with 7 points. Using Schlesinger's four criteria, our study is skewed toward the strong-governor states. Hence, though we refer to strong-governor versus weak-governor states, the dichotomy may be less pronounced than our study or our observations seem to indicate. We determined the extent to which governors used the item veto (a strong power, according to Schlesinger) and the item-reduction veto (even more critical to the superior position of a governor). In focusing on the relationships of the budget office with legislative staffs and coordinating agencies, we dealt extensively with Schlesinger's second power factor for the governor: control of the executive budget. We did not investigate the governors' appointive powers, number of other elected officials, or tenure of the governors.

The activities in which budget office staffs engage in preparing the executive budget are as wide-

ranging as those of coordinating staffs, and appear to be proportionately related to how much attention the governor gives to the budget. If he is indifferent, the staff may freely determine their own activities and the quality and comprehensiveness of the executive budget. Some staffs review only the total monies requested by higher education and recommended by the coordinating agency, without referring to institutonal requests or closely examining particular items or programs in the consolidated request. Other staffs strictly review technical details and mathematical calculations of the asking agencies, and then construct a detailed executive budget. The emphasis that Shadoan places on staff quality and personality--particularly that of the leadership of the agency--remains an unmeasured by highly significant variable in determining the nature of the executive staff role. Both Shadoan and Schlesinger found, as we did, that the quality of professional staffs has a dominant influence on agency character and place in state government. The less political, the longer the staff member's tenure, and the nigher the staffs' pay, the more influence it exercises.

The stronger budget offices also carry the larger staffs, but the relationship is not direct. Large offices may spread staff time over a number of activities that bear only indirectly on budget preparation, while a smaller staff may spend all its time on the single budget document. Staff tenure also relates to its effectiveness (Shadoan, 1961; Schlesinger, 1965). Staff with civil service (merit system) status were better tenured, better paid, and occurred more often in the complex and hence strong-governor states. It appears that the influence and effectiveness of the state budget office result from many closely interrelated characteristics, identified not so much by attributing weighted influence to each factor and adding them together, as by the conglomerate factors making up the necessary critical mass--unmeasurable but omnipresent.

Table 5 shows the power rating of the governors in the 50 states according to Schlesinger's index, compared with the ratings of Berdahl and Glenny of the strength of state higher education agencies in June 1976.

Regulatory coordinating agencies are far more characteristic of strong-governor states than are statewide governing boards; statewide governing boards dominate in weak-governor states, with strong boards double the number of weak ones. The six states that fall in the median in Schlesinger's scale also show dominance of strong coordinating agencies over both weak coordinating agencies and weak statewide governing boards.

This pattern of coordinating agencies occurring more in strong-governor states has not previously been reported. Berdahl and Glenny have indirectly indicated that the agricultural and economically poor states tend toward a single statewide governing board, while the larger and more complex industrial states tend toward coordinating agencies. This dichotomy in types of state characteristics and their influence on strong and weak governors is also observed by Schlesinger.

The Legislative Staffs

"Can a staff member in a supposedly neutral support role give the legislator strong views growing out of his 'expertise' without becoming a special pleader, or destroying the neturality of his support institution"? In raising this question, Representative Bolling (1975, p. 487) again forces into the open the fundamental argument about the role that professional staff plays in aiding the legislature. One answer to his question appears in a statement by a leading staff researcher for Congress who wishes to remain anonymous:

> *Congress is increasingly inclined to pit its "experts" against those of the Executive to keep the latter "honest." We view our analytical role in just those terms.*

This concern over the relationship between Congress and its staffs is also found in the states. Although the states are generally far less advanced in staffing than Congress, some, such as California and

Table 5

COMPARATIVE RANKINGS OF THE STATES AND TYPE OF STATE HIGHER EDUCATION AGENCY

State	Ranking: Schlesinger index of governors[a]	Ranking: Citizens conference legislatures[b]	Ranking: Percentage of state revenue for higher education[c]	Ranking: Glenny-Berdahl coordinating governing boards indicator[d]
New York	20	2	43	1
Illinois	20	3	32	1
Hawaii	20	7	47	2
California	19	1	28	3
Michigan	19	8	24	3
Minnesota	19	10	46	3
New Jersey	19	-	44	1
Pennsylvania	19	21	48	3
Maryland	19	20	37	1
Utah	18	15	16	2
Washington	18	19	12	1
Ohio	18	16	38	1
Massachusetts	18	-	50	3
Wyoming	17	-	12	2
Missouri	17	-	29	3
Alaska	17	12	35	2
Tennessee	17	-	10	1
Idaho	17	18	5	4
North Dakota	16	22	34	4
Kentucky	16	-	21	1
Virginia	16	-	26	1
Montana	16	-	7	2
Nebraska	16	9	2	0
Connecticut	16	-	45	1
Delaware	15	-	40	0
Oklahoma	15	14	4	1
Alabama	15	-	14	3
Wisconsin	15 (Median)	5	14	2
Colorado	15	-	9	1
Louisiana	15	-	41	1
Georgia	14	-	31	2
Oregon	14	-	3	2
Nevada	14	13	16	2

Table 5 (continued)

State	Ranking			
	Schlesinger index of governors[a]	Citizens conference legislatures[b]	Percentage of state revenue for higher education[c]	Glenny-Berdahl coordinating governing boards indicator[d]
Arizona	13	-	16	4
South Dakota	13	17	1	2
Maine	13	-	36	2
Vermont	13	-	39	0
Kansas	13	23	8	4
Arkansas	13	-	19	3
Iowa	12	6	25	4
New Hampshire	11	-	41	3
Rhode Island	11	-	49	2
New Mexico	10	11	32	1
North Carolina	10	-	27	2
Mississippi	10	-	23	4
Indiana	10	-	6	1
Florida	9	4	22	2
South Carolina	8	-	29	3
West Virginia	8	25	19	2
Texas	7	-	10	1

[a] Schlesinger, p. 232. Based on a power scale from 1 (weak) to 20 (strong).

[b] Citizens Conference on State Legislatures, p. 49. Ranked from 1 (best) to 50.

[c] Carnegie Foundation, p. 76. Ranked from 1 (highest) to 50 (lowest) percentage.

[d] Berdahl, in personal evaluation with author, June 1976.
0-no agency
1-regulatory coordinating agency
2-presidential statewide governing board
3-advisory coordinating agency
4-secretarial statewide governing board

New York, approach the quality if not the numbers of Congressional staffs. The question remains, however: Just what role is the staff to play? Bartley (1975), speaker of the house in Massachusetts, states:

> *Again, we have permitted the press of daily concerns to cloud the fact that a better planning and evaluative mechanism could provide superior long-run results. (p. 495)*

Ellul (1965) disagrees about such a role for professional staff:

> *Unfortunately, the Americans do not consider the inverse problem, which is, objectively speaking, becoming more important. When the expert has effectively performed his task of pointing out the necessary ways and means, there is generally only one logical and admissible solution. The politician will then find himself obliged to choose between the technician's solution, which is the only reasonable one, and other solutions, which he can indeed try out at his own peril but which are not reasonable. At such a moment the politician is gambling with his responsibility since there are such great chances of miscarriage if he adopts technically deviant solutions. . . . We must recognize that every advance made in the techniques of inquiry, administration, and organization in itself reduces the power and the role of politics. (pp. 258-259)*

Baaklini (1975), a scholar of legislatures, continues in the same vein and asks:

> *What is legislative development as far as public administration is concerned? Is it the ability of the legislature to reach decisions in accordance with bureaucratic rationality? If yes, why should bureaucratic rationality be more important and better than political rationality? (p. 506)*

Legislators apparently fail to confront this dilemma. Wildavsky (1973) concludes that "if legislators are also managers, and managers are bureaucrats, the advantages of differences in role are being lost" (p. 100).

The debate, it appears, has already been won by those who support a more scientific approach to legislating. Balutis (1975) reported that an executive staff member claimed, "Of all the sources of power in Albany today . . . the most influential--is the legislative staff" (p. 360). The states have been slow to staff fully the offices of joint legislative budget analysts, and even more slowly the two appropriation committee staffs (to say nothing of staffs for substantive committees). Nevertheless, in the 17 states, from one to five staffs in a single legislature all deal with some aspect of the budget. In other states, there might be as few as one or two staffs, but this is increasingly rare.

An early difficulty in selecting staff was stated by Bell (1967):

> *There apparently have been too many cases of highly political factors entering into the choice of legislative staff, probably more so than in selecting the executive staff in recent years. (p. 144)*

If this is true (as our findings verify), then staffing must be both confusing and frustrating to the average legislator. As Roberts (1975) of the New York Assembly states:

> *Within the legislature . . . it is not unusual, particularly in a crisis situation, for a concept to move from idea, to proposal, to bill drafting, to submission, to debate, to passage in both houses, and to the desk of the governor for signature in a matter of one week. (p. 501)*

He concludes that the "idea-to-action" speed, while guaranteeing a fast pace for professional staff, is not without its hazards.

If these observations fail to show the confusion of structure, role, and staffing in the legislature, one additional concept may convince the reader. Dimock (1975) writes:

> *If we are really to plan--and I think everything in the present situation points to the inevitability of it--this should be a joint undertaking with as much institutional jealousy removed as possible. (p. 485)*

This plea for joint executive-legislative staff effort was previously advocated by Bell (1967): "I would continually urge the executive budget staff to develop as close a working relationship with the legislative staff as possible" (p. 150). His urgings did increase the number of professionals in legislative staffs, but under the assumptions of Baaklini (1975):

> *Is it likely that the relationship established between executive and legislative staff may lead to a commonality of orientation and consequently less [political] control, characterized by an attitude of working together against "political" interference? (p. 507)*

These issues affect the state legislatures with varying force and outcomes, resulting in many different structural arrangements for legislative budget staffs.

The organization and classification of legislative staffs has recently become as complicated as that of the coordinating-governing structures for higher education. Coincidentally, the first legislative budget staff (California) began operating in the same year--1941--as did the first coordinating agency for higher education (Oklahoma). Legislative staffs, however, have grown more slowly and have not yet been able to command the same level of staff quality as the coordinating agencies. In numbers, Schmidtlein and Glenny (1976) report that in 1951 only 15 legislatures had fiscal staffs but by 1964 there were 27 and by 1974 there were 46. Some staffs were acquired for joint committees, some for appropriation committees of the two houses, while a dozen states use the legislative council for budget review purposes. In the 17 states studied, four have acquired new legislative budget or fiscal staffs in the past ten years.

The number of legislative staff members specializing in budget and fiscal matters in our 17 states was 251 during 1974. Just ten years before, according to the Council of State Governments (1967, pp. 84-86), the total legislative staffs for budgeting in all 50 states numbered 131, with two states not reporting. In that same report, the executive budget staffs of all the states were said to number 1,008 members. In our 17 states, there were 619 executive budget staff members (Glenny, Bowen, Meisinger, Morgan, Purves, & Schmidtlein, 1975).

The classification of legislative budget staffs used in the 17-state study was drawn from the Council of State Governments and is repeated here:

- Nonpartisan, centrally managed, one or two agency legislatures
- Nonpartisan, centrally managed, multiple agency legislatures (e.g., Connecticut and Florida).

- Nonpartisan, decentralized, multiple agency legislatures (e.g., Michigan and Wisconsin)

- Partisan, centrally managed, multiple agency legislatures (the New York Senate is the only example).

- Partisan, decentralized, multiple agency legislatures (e.g., Illinois and Pennsylvania)

For our purposes, the two important variables in this classification are central management and partisan character. (These will be discussed more fully in the final chapter.) Nevertheless, this classification scheme serves notice that great variation exists from state to state and would be further complicated if the operational differences in the fiscal or appropriation committees of the two houses were added to these more generic classes. A maze similar to that for higher education would result, with no two states sufficiently alike for classification.

Also, the staffs of the several legislative committees as well as executive budget office staffs serve other purposes than to review agency budgets. Most staffs, even if they are small, must track all pertinent bills in both houses, write amendments, conduct special studies, make contacts and conduct negotiations for the chairman, review budgets, and determine the efficiency and effectiveness of state operating agencies. Often the plethora of tasks allows a staff member to follow primarily his own interests in these matters, unless he works with a demanding chairman who has a strong sense of what is politically necessary. Many staff are hired for the legislative session only or are temporarily assigned by the central staff agency and have little or no experience in handling the tasks that confront them. Few have master's degrees, and most are young college graduates. The executive budget office and the coordinating agencies also have high turnover for lower-level analysts and technical personnel, but legislative staffs are the most temporary and least experienced for their specific duties.

In 1961 Shadoan indicated that legislative staffs, despite their inexperience and youth, had become a definite threat to the executive power in the states. She wrote that staffs became most powerful in weak-governor states where they sometimes formulated the state budget when the executive staff was derelict, resulting in the long-run possibility that the governor might be unable to create a strong budget office. "Not professionally staffed and adequately led, [such staff] can create antagonism between the executive branch and the legislature" (p. 95). These observations of 15 years ago apply to some of the 17 states in our study.

In practice, legislative staffs increase in number, size, and responsibility; but what are the consequences if the legislature had no staffs? Would not the system of separation of powers, with its checks and balances, become virtually obsolete as the governor continued to build his staff capacity, obtained longer terms of office, and gained more control over appointments? These are questions to be considered even as we recognize the overlap and duplication that permeates the two political branches in their competition for influence and power. Legislators would like more help and, according to Feller (1975), would prefer generalists (lawyers, political scientists, or economists) to augment their information bases.

Many judgments on appropriate criteria, how they are weighted, and the influence of unmeasurables, make the attempts to rank coordinating agencies and state governors speculative at best. Nevertheless, as shown in Table 5, the 50 legislatures have been rated according to their "goodness" (according to number and quality of staff, committee structures, education of legislators, etc.) by the Citizens Conference on State Legislatures (1971). Using their rank order of state legislatures, 15 of the highest ranking 25 legislatures are in strong-governor states, which (using the Schlesinger index) indicates that strong governors and good (if not strong) legislatures create the counterveiling power implicit in our democratic process. In these same 15 states, where both governor and legislature were highly rated, ten have coordinating boards and only five have statewide governing boards.

Only seven of the top-rated legislatures are in weak-governor states, further evidence that the overall quality of government is different in such states and that legislatures do not necessarily pick up the slack left by weak governors. Rather, it appears that both are more likely to be "weak" and that the operating commissions, boards, and departments probably have great discretion in running their shows. In the seven states with good legislatures and weak governors, six have statewide governing boards for higher education, and one has a coordinating agency.

It would seem that good government reinforces itself. Cause and effect cannot be attributed; but strong governors, good legislatures, and coordinating rather than centralized statewide governing boards do characterize the top-rated states. Weak governors have poorer legislatures and more centralized higher education systems to work with than do strong governors. But remember the caveats! These assessments were done by different groups at different times: the study of governors in 1969, of legislatures in 1971, and of coordinating-governing boards in 1976.

Table 5 shows the percentage of state general revenue appropriated to higher education in 1974-1975 and ranks the states from the highest proportion to the lowest. In the 24 strong-governor states only nine ranked above the median in percentage of state general revenue awarded to higher education, while 12 of the 20 weak-governor states ranked above that median. Keeping in mind the caveats, our conclusion that the operating agencies in weak-governor states have more freedom appears to be related to the fact that in these states higher education receives a greater share of the total appropriated general revenue. This is supported by other evidence drawn from material on amounts of expenditures per student in public institutions (Carnegie Foundation, 1976, Figure 23, p. 75).

In Chapter 4 we examine state agencies as bureaucracies, using analytical concepts furnished by the research of others. Chapter 5 summarizes findings of this study on interorganizational relationships.

4.

The Budget Agencies as Bureaucracies

> *Power sources tend to be centers of contention, even violence.* (Waldo, 1970, p. 112)

We have discussed the rapid growth of the staffs of higher education and legislative agencies, and the lesser rate of growth of those of executive budget offices. Each agency contributes to an overlap in activities related to program control, performance audit, budget review, and information and analytical systems. Each expands reporting and control mechanisms over the colleges and universities. The findings indicate only modest long-range planning for higher education by any of the agencies, and the planning that exists is ambiguous in its contribution to the budget process. Moderate discrepancies in experience and training among several staffs is evident in almost every state.

In this chapter we relate our research on staffs to certain common assumptions about bureaucracies, and using the schema suggested by, or inherent in, policy determination, examine the interaction processes among them.

THE MINIBUREAUCRACIES

The title of Downs's book, *Inside Bureaucracy* (1967) fails to do justice to the scope of his suggested hypotheses and laws, which reveal as much insight into how bureaucracies relate to competitors and to the outer environment generally as to the inner workings of organizations. His rules apply to the smaller agencies as well as to the larger ones on which he focuses. Especially pertinent to this study are his observations on bureau domain, competition and expansion, laws of expanding control and reporting mechanisms over subject institutions; and laws on search, information systems, and redundancy.

Agency Autonomy

Downs states that a new agency must work quickly to establish its worth through services to users. He approves Clark's and Wilson's (1961) definition of a condition every agency tries to achieve for both effectiveness and survival--autonomy:

> *By autonomy we refer to the extent to which an organization posesses a distinctive area of competence, a clearly demarcated clientele or membership, and undisputed jurisdiction over a function, service, goal, issue, or cause. (p. 157)*

If autonomy means "undisputed jurisdiction" over a function aiming at stabilization of resources, all state budget agencies are on treacherous ground. Downs writes: "Since most organizations have both functional and allocational rivals, the possibility that a bureau will be destroyed by its enemies is a real one" (p. 10) Among the state budget agencies, duplication rather than undisputed jurisdiction prevails; but agency continuance seems assured since the state budget office belongs to the governor and the legislative staffs to the powerful committees. Despite the often intense, even bitter, rivalry between executive and legislative staffs, their survival is not in jeopardy.

Although subject to checks and balances, the political bosses have independent constitutional and de facto powers, and so do their immediate staffs, regardless of the degree of overlap in their activities.

Lack of autonomy most threatens the existence of the coordinating agency, which reports both to the governor and to the legislature. The apparent advantage of being an agent to two rather than one political arm weakens its position, for in any controversy requiring loyal political support the executive and legislative branches view the coordinating agency as divided in loyalty--even an "enemy"--and not to be relied on. The politicians' staffs, on the other hand, serve them without danger of sabotage or divided loyalty.

This is not to say that coordinating agencies have no autonomy; they merely have less than other budget staffs. At the time of our fieldwork, no coordinating agency since 1960 had lost its power to review higher education budgets despite the improved caliber of competition in this function; but in the last year two states have cut back resources for this purpose, Alabama and Colorado. While budget offices and legislative budget staffs may not be seriously threatened by competition from coordinating staffs, governors prefer to avoid any public challenge to policy agreed to by them and their budget staffs.

Both political staffs review the budgets of higher education institutions as well as that of the coordinating agency. What is surprising is that most coordinating agencies continue to be funded. Their saving grace may be Downs's law that states, "Bureaus are less willing to engage in all-out conflict with each other than are private profitmaking firms" (p. 264). And in the study of retrenchment, Bowen and Glenny (1976) found that the executive budget office relies heavily on the state education agency to apply reductions and cutbacks--a valuable service in an uncertain world.

Agency Expansion

If, as theorists assert, all organizations tend to expand, it would appear that legislative and executive staffs have almost unlimited opportunity to do so. They have expanded in function, activity, and staff; but, considering their favored position, why do they not grow much faster? Several conditions block expansion of, even if they do not set boundaries to, agency domains. First, the governor and the legislature keep close tabs on each other. Neither staff can grow rapidly since the other political arm would reduce or kill that expansion outright. During our interviewing, political bodies frequently expressed their reluctance to request additional staff or money for operations. Second, existing staff--especially that of a new agency--busily sort out roles and priorities and do daily legwork which syphons off time to consider how to acquire functions of other agencies. Third, a newly hired staff hesitates to request additional help from a political leader to do the job for which they were hired. They may see the need for new service functions, but the politician, knowing his own constraints, may see them as already assigned to existing staff.

The coordinating agencies have expanded in number of staff more rapidly than have the other two agencies. Much of this has resulted not from self-seeking by the agency but indirectly through executive order or statute. (Although coordinating agencies are no less expansion-minded than are other agencies.) Much has derived from federal programs for higher education aid, which were assigned to the coordinating agencies for administration. Both governor and legislature also find it convenient to centralize in the coordinating agency certain politically controversial matters formerly under the jurisdiction of governing boards of colleges and universities. When issues such as controlling enrollments, setting admissions standards, or constructing additional dormitories become controversial on a statewide basis, politicians tend to shift the control from the governing board to the coordinating agency. This centering of responsibility results also from the agency itself which, like other bureaus, finds it desirable to

control functions that bear only indirectly on one or more functions already assigned to it.

Coordinating agencies are similar to other bureaucracies and the same "laws" of expansion apply to them. Moreover, up to the present at least, it appears that the timing of their entrance into budgeting need not circumscribe their functions. In most states, the governors' budget offices first preempted the budget field, in a few states the coordinating board was first to have professional staff, and in still other states legislative budget review analysts also served the governor. Each of these agencies now exist in most states, but in 19 states a single statewide governing board for higher institutions, rather than a coordinating agency, operates concurrently with executive and legislative budget staffs. As we have noted, some college and university budgets are reviewed by an institutional governing board, the state coordinating agency, the executive budget office, a joint legislative analyst or council, and, in a few states, by a house and senate appropriation committee as well (which, in turn, may have a staff divided along partisan lines).

The amount of overlap that results from this competition is not 100 percent because most agencies focus on a few special issues rather than total reviews; but the facts clearly indicate substantial redundancy, and intensifying competition to increase it. Since the domains of these agencies are not clearly defined by legislation or executive orders, overlap increasingly extends to the information and analytic systems, use of computers and simulation models, and program performance auditing. Over time, the duplication will converge more and more unless agreement is reached to avoid it. Only lack of staff time and numbers, and the relative newness of some agencies, seem to prevent complete replication of activity. Laws of competition that call for the weakest to die out already affect the budgetary functions of two coordinating agencies (in Alabama and Colorado), but do not apply to proximate political staff agencies or bureaus.

Attracting Political Attention

Competition among agencies for the attention of policymakers is intense. Two types of agency, the legislative and the state budget office, report directly to political decisionmakers almost daily. Their opportunity to influence policy would seem assured in competition with each other or with the coordinating agency, but this is not always true. Legislators may feel that their own staffs are less experienced, less mature, and generally less productive than staffs of the other two agencies (dealt with later in this chapter). The prior existence of executive and coordinating staffs and the perhaps long and close association of a powerful legislator with them can offer a superior source of information and alternatives to his own staff, or at least real competition for his attention.

Since it reports to both governor and legislature, the coordinating agency often establishes a reputation for objectivity (the goal of public policy-level staffers) and for more thorough analyses of higher education issues than is possible for staff in the political arms, who are fewer in number and serve political masters. However, when a new legislative staff is formed long after that of the coordinating agency, the latter has a much more difficult struggle to maintain its influence. The legislative staff competes by knowing from close association, and providing, the kinds of information the legislative committee wants. Legislative staff frequently reviews analyses and recommendations of the coordinating agency before it passes on an "appropriate summary" of the material to the busy legislator. Some legislative staff members told us that control and screening of information flow was a principal part of their job, while some coordinators complained that the practice undermined their agency's reputation with the legislature. Legislative staffs, perhaps more than the legislators themselves, tend to look on coordinating agencies as being in the lap of the governor, and therefore suspect from a policy viewpoint. Their suspicions carry additional credence because of legislative turnover; new legislators are not acquainted with the raison d'etre or quality of coordinating staff work. New governors also may not be aware of the work or even of the function of the coordinat-

ing agency, and unless the agency is positive and aggressive it may be ignored.

Policy Domain

Competition and the resulting duplication of function among the agencies seriously blurs their "policy domains." In some states only a Solomon could find the dividing lines! Generally, the *clearest* (a word used advisedly here) demarcations are those that set the coordinating agency apart from the executive budget office. This is primarily because the two agencies have usually lived together for longer periods of time than either have with major legislative budget staffs. In addition, coordinating agencies have traditionally met difficulty in maintaining their balance: 1) between the executive and the legislature, and 2) between political government and the institutions. In the 1960s the tendency for many if not most was to act as spokesmen for the institutions, thus weighting the balance of their good-will in that direction. Legislative and executive staffs recognized this institutional pull, and as funding became tighter and disillusionment with higher education set in, the coordinating agency more likely than not headed for the governor's camp--which meant the executive budget agency. In some states, state budgeters use the coordinating staff to perform functions, activities, or studies as if it were one of their own operating divisions. Functional overlap continues, but is less competitive.

The least well defined domain is that of the staffs of legislatures, and the domains of different legislative staffs in the two houses are themselves often not clear. If "enemies" appear in these interagency relationships, as far as the executive office and often the coordinating agency are concerned, they come in the guise of legislative staff members. As in any sociological setting, the newcomers are outsiders until proven friendly and cooperative--or powerful. Legislative staffs generally fail to meet the test of cooperative friendliness, especially since the other two agencies tend to converge on technical and procedural matters as well as on policy.

The legislative staffs are a threat to both the executive and coordinating staffs. Their domains cover any policy ground defined for them either by committee action or by their own sense of appropriateness. Except in California and New York, where the analysts' large staffs compete in all spheres of the executive budget office, the small size and often temporary nature of legislative staffs prevent expansion of their domain. Their pursuit of the parochial interests of individual legislators or committee chairmen can result in many quick-and-dirty studies, where little time is devoted to work-performance standards or to a definition of their own current roles or functions. Nevertheless, they devote effort to budgets as a prime function, so that the coordinating agency in particular may find its budget role partially duplicated by the legislative staff. Moreover, with additional specialists the legislative staff tends toward selective "program" review, adding to the fear that the coordinating agency's other function of program review-and-approval may also be in jeopardy from the new zealots. (This is further elaborated in subsequent chapters.)

Monitoring the Colleges and Universities

Downs (1967) discusses the rules that apply to agencies for monitoring operating organizations for various purposes, and defines them:

> *Separate monitoring organizations have three major characteristics: Their hierarchies and personnel promotion systems are different from those of the bureaus they monitor; their main function is monitoring although they may also have other functions (especially downward transmission of orders); at their top levels they are integrated into some large bureaucratic or political structure. (p. 148)*

Examples of such agencies are the General Accounting Office and the Army Inspectorate General. Clearly, however,

except for the "large" dimension, the definition applies to the state coordinating agency for higher education in all three characteristics, and to the legislative and executive staffs on the first and last ones. While the latter agencies do not have a main function of monitoring per se, the inherent political powers they represent, and the budget process as exercised today--with much emphasis on performance, output, accountability, zero-base budgets, and programs--can be characterized as an important monitoring device. In addition, some executive budget officers routinely exercise a preaudit of expenditures for most state operating agencies.

Downs's laws of monitoring agencies are numerous, but three are particularly pertinent for our purposes:

> The Law of Control Duplication. Any attempt to control one large organization [higher education] tends to generate another. (p. 262)
>
> The Law of Ever-expanding Control. The quantity and detail of reporting required by monitoring bureaus tends to rise steadily over time, regardless of the amount or nature of the activity being monitored. (p. 262)
>
> Any increase in the number of persons monitoring a given bureau will normally evoke an even larger increase in the number of bureau members assigned to deal with the monitors. (p. 271)

Downs suggests that the monitor can also insert messages into and extract information from almost any level of an operating bureau without going through channels.

All of these characteristics apply to the three types of agencies for budgeting higher education, but most explicitly to the coordinating agency. In no case, however, do these agencies approach the size of the organizations they monitor. Coordinating agencies,

originally established to review budgets and prevent the colleges and universities from engaging in unnecessary overlap and duplication of programs, later undertook coordinative monitoring to create a "system" of the existing institutions. They now review new programs and budgets for college and university conformity to the agency's view of "system" and "coordination"--obviously something more than a purely monitoring function.

Both the legislative and the executive budget staffs also review some programs and activities for performance, and monitor the effectiveness of these selective management controls exercised internally by state colleges and universities.

In the past five years, higher education has continued to request budget increases, generally without receiving much more than a matching of inflation costs (Ruyle & Glenny, 1976). Some institutions have lost up to a third of their enrollment (Glenny, Bowen et al., 1975). Despite this reduced level of demand on the state treasury, each monitoring agency now requires more data and information, and places more detailed controls over college and university operations than ever in the past. Each in its own way seems determined to have efficiency prevail, and to prevent costly duplication of services and programs; and each is committed to some audit of performance.

Impetus for controlling a waning industry more severely than when it was growing may in part be attributed to the fad for accountability. Higher education stands accused of overproducing doctorates, emphasizing research above undergraduate instruction, and educating still more students while the real income of college graduates is sharply declining in relation to the rest of the work force.

The increasing competition among the monitoring agencies stimulates each to try to do a more thorough job than the others. Also, as Downs points out, competition engenders innovation; each agency therefore seeks new or different ways to accomplish its monitoring functions. Each may select a different technique from the array of

new technologies for managing higher institutions, such as those emanating from the National Center for Higher Education Management Systems (NCHEMS) and the College and University Systems Exchange (CAUSE), as well as consultant organizations. As a staff member of a congressional research unit who wishes to remain anonymous recently put it:

> *It is always quicker and easier to get policymakers' attention if you have the only game in town. As a result, there is a tendency for bureaucratic warfare to erupt whenever one brand of "magic" encounters another in any decisionmaking setting.*

Of course, all these agencies have their own conceptions of what program budgeting is, what is possible, and what should be required of higher education.

This study verifies Downs's third law, which says there will be proportionate increases in staff at the operating level with each staff increase of a monitoring bureau. Higher educators have begun to assess the costs of responding to certain of the monitoring requirement of the federal government (affirmative action, fair labor standards, etc.), hoping to obtain federal funds for these costs (Bailey, 1975; Cheit, 1975). Monitoring costs also apply in justifying budget increases for administrative and technical-level personnel, as opposed to teaching staff, to meet state information requirements. The monitors agree that their data-and-information demands add to the burden on college staffs. As the head of one coordinating agency said, "If one of my staff members can't keep at least three staff members in every institution busy, he should be fired!" And Downs comments, "Records can be read much faster than they can be compiled" (p. 152).

The costs involved are great and growing: If three operations are required for each new monitoring staff member and three or more agencies monitor, the costs to institutions grow not by one-to-three but by three-to-nine or more. With a dozen to several dozen public

institutions monitored in many states, the result is a lot of staff and a great many dollars.

As monitoring staffs increase, so does their control over myriad items and policy matters embedded in the budgets. Ziegler (1976), deputy commissioner for higher education in Pennsylvania, pleads the institutions' case:

> *In the last analysis, therefore, those who establish the funding levels and set priorities within the budget determine how the institution will function. To the extent that those decisions are now made by legislative committees and their staffs, and by the governor's budget director and staff, control over the institution's destiny has passed out of the hands of the institution's officers and faculty. I think this has been a clear tendency during the past decade. (p. 13)*

Primarily because of this problem, the several national college and university associations support this study of state budgeting practices. They would like to know if all the information furnished by institutions is useful, is used, or is just "operationally superfluous" evidence.

The monitoring budget bureaus must engage in some review activity to fulfill public purposes and to justify their existence. To cut budgets or improve efficiency, each staff must look for bad or unnecessary practices. The issue raised by college and university leadership is not whether the function is necessary but rather whether it should be performed three or more different ways by three or more different agencies, all representing the same state government.

INTERAGENCY RELATIONSHIPS

So far, the several agencies for higher education budgeting have been dealt with as separate entities. Their individual needs for autonomy, their competitiveness, and the redundancies in their functions and activities were purposely emphasized. Now, elements commonly associated with policy determination are examined: power, resources, leadership, and interaction. As in any policy process, we find in addition to competition and hostility, cooperation, negotiation, and agreement.

Power

The previous section touched on the relative independence of the several agencies, but autonomy--even large amounts--does not necessarily mean having power in decisionmaking. Agency affiliations with other constituents and with political leaders help to explain the operational power base of an agency. A second factor (dealt with in Chapter 3) is the agency's history: its reputation for service, for quality of output, and for winning in the past. Other power factors, primarily internal resources, enable the agency to respond successfully: staff capability and numbers, money, information, foresight, flexibility, and goal-centered operations. The greatest internal resource is agency leadership. The following deals with these elements of power.

Affiliation. Most bureaus assiduously seek strength and support from their principal clients, and much of their power is derived from the support of outside sources, such as organized lobby groups, influential citizens, and newspapers. However, this does not characterize agencies concerned with higher education budgets.

The coordinating agency cannot usually rely on its clients--the colleges and universities, their presidents and board members--to support policies favored by the agency. Most such policies may not aim to add controls but do so to some degree over the institutions, frequently resting them with the coordinating agency, which is most likely

to result in negative rather than positive actions by these primary clients. However, when the coordinating agency forwards its recommendations on higher education budgets to the political bodies, the colleges and universities usually support the recommendations. They consider the recommended monies as a floor from which to rebuild the initial amounts asked for, through influencing the politicians directly. They know that, given the functions of the executive budget office and legislative staffs, the amount recommended by the higher education agency will be the highest that is likely to be recommended by any of the staffs.

The influence of presidents and board members has varied with the times. In the 1960s, when higher education had top priority in the states' list of valued services, their influence was great: "Ask and ye shall receive." In the 1970s, because of public disillusionment, it was greatly diminished but by no means obliterated. Even in the worst of circumstances, the alumni of institutions that collectively hold legislative membership and political clout, and the many legislators with a college or university in their district (an industry that offers employment and service for local constituents) provide a strong supporting base for higher education. At times that support focuses on a single institution or program, but legislators' interests lead them generally to support the coordinating agency's recommendations--and to amend appropriation bills for their favored institutions.

The coordinating agency is less likely to find a strong and supportive client in the executive budget office. The growth of executive and legislative staffs, especially the latter, undermines the direct influence of the coordinating agency. When budget staffs were not present or were politically rather than professionally oriented, the agency could heavily influence budget outcomes. Now that influence is being stripped by the higher education specialists of the political agencies, some able to compete in training, experience, and sophistication with senior coordinating staff. Still, the agency has not lost all its power. At its disposal is a board or commission composed of a majority of lay citizens, usually

appointed by the governor for overlapping terms. The chair and most of the members are usually influential persons from business, labor, industry, and social organizations. These persons are rarely of the same political party, hence some members always have the ear of the governor, others of the legislators. Board contacts among politicians are seldom exploited by coordinating agency staff to the degree that might be possible. Agency staff tend to distrust the testimony of their own board members, fearing that differences of opinion with the staff's position may be publicly debated. Staff directors of coordinating boards--positioned as they are between the state and the institutions--usually assume they have no constituency to support their decisions, but this assumption is never more than partially true as long as the agency produces good work for the governor and legislature, and it is usually not true of the institutions once the political budget staffs receive the coordinators' recommendations. The majority of coordinating boards and commissions have operated for 10 to 20 years; such longevity indicates they serve at least certain powerful friends satisfactorily.

The executive budget office always finds its many clients seeking additional state funds, which it rarely grants in full. To the field agencies it appears not as a friend and supporter but as an enemy; more funds for the executive budget office would be very unlikely to receive support from them. Colleges and universities look on the office as setting a new and lower funding floor than did the higher education agency, and more staff for it would be anathema. Nevertheless, the executive budget office remains snugly tied to the most powerful political officer in the state. It reports directly to the governor, takes orders directly from him, and otherwise acts as his principal adviser and aide in formulating the executive budget. If one also considers the budget as the governor's principal policy-recommending document, the office's power affiliation is unsurpassed in the state. In states with strong governors, the budget offices wield more power by far than does the agency for higher education, and more than any of the legislative committee staffs, individually or collectively. Some observers, however, would hold that legislative analysts in New York and California have influence comparable to that of their respective state budget offices.

In states with weak governors, the executive may be the most powerful figure in state politics; however at any given time one or more legislators, especially an appropriation committee chairman, may exercise as much or more influence on budget outcomes than the governor. Whether in strong- or weak-governor states, if the executive budget office in fact formulates the budget, it has powerful political support seldom exceeded by a legislative staff.

Where does this leave the legislative staffs in their affiliated support? In the first place, if several such staffs operate in the same legislature, they vary in their clients, in their partisan or nonpartisan roles, and in who reigns as their political boss. Generally, all legislative staffs hold a more favorable position for obtaining support from pressure groups and specific operating agencies than does the governor's staff. While the executive budget staff must look at the budget as a wholly coordinated package, legislative committees and their staffs may selectively deal with aspects of it, leaving budgetary integrity to chance or to the governor's veto. These staffs are more likely than executive budget analysts to have direct contact with pressure groups, and can assist in negotiations with the chairman and the committee membership. The staff can pass on information sheets, reports, or oral comments of the lobbyists; they can grant favors to special groups, and over time can gain strong supporters. This applies primarily to appropriation staffs, much less to the joint legislative budget staffs, which usually take an "objective" point of view on most budget matters because of greater professionalism and their bipartisan role. They also tend to be comprehensive rather than selective in viewing the budget document. In certain weak-governor states a joint legislative budget staff may formulate the budget or work with the executive budget staff. In such cases they are more like the executive staff in their lack of outside client affiliation.

Internally, the legislative staffs work more closely with powerful politicians than do many executive budget staffs, who may report to the governor through a layer or two of political appointees. The "organizational distance" between the legislative staffs and elected

officials is short indeed. Most staff members, especially of the separate budget committees, have frequent discussions and work at the same table with the chairman and its members. They have potential for powerful political support. However, these close relationships with committee members--and especially the chairman--cast the staff member in the role of helper to each committee member, and perhaps other legislators as well, regardless of party affiliation while they serve directly under a very partisan chairman. Alienation or indifference to staff may characterize the "out-of-power" committee members, and when parties change control, frequently the staff does too. In some states the staff serves a strong political chairman, and his tenure may very well determine the influence and job security of the staff. Much of the character of the affiliation depends on the chairman, his party status, his personal influence, tenure, and conception of the budget job to be done. He may be even more powerful when he is not in the same political party as the governor, since the governor's budget will tend to bind him if they are of the same party. We might generalize: If a legislature has both a joint legislative budget staff and a separate appropriation committee staff, the joint legislative analyst usually will have the more powerful internal affiliations, since he reports to both houses and his staff is likely to be larger, more professional, and of greater longevity in position than the appropriation committee staffs.

Staffing. College and university administrators often express strong negative sentiments about the quality of staff in all state budget agencies, calling them "clerks." In comparison with their own well-paid and highly trained generalists, technicians, and specialists (often including a former state budget officer), the review staffs of the state agencies fail to achieve the same standards. The state staffs present a very uneven picture. They are generally lower in quality, but are likely to have a broader statewide perspective, than those in the institutions. We found that the coordinating agency usually has generalists and specialists for program review and planning who at budget time divert their energies to aid the more specialist budget section of the staff. An examination

of budget personnel finds more generally trained persons only in the state budget office. Both agencies have more generalists on their staffs than do the legislative groups, but there are exceptions even among the 17 states in our study (Schmidtlein & Glenny, 1976).

The coordinating agency has a distinct advantage in hiring expert staff members. Its close association and identification with higher education allows it to draw from the colleges and universities reputable persons with established records, for interpretation and analysis. Although those with the best credentials tend to stay within the institution rather than "work for the state," the agency can hire those with lesser qualifications. The salary scales of these agencies, comparable to the universities for comparable positions, generally exceed the scales of the state civil service system, sometimes by rather large amounts. The agency director may be paid a salary equal to or just below that of the president of the leading university, and often substantially more than the governor. Neither the state budget officer nor legislative staff leaders are paid as much; and discrepancies in salary among subordinate staffs of the three types of agencies are even greater. Hence salary level becomes a point of contention between coordinators and other state budget staffs; because their duties are similar or at times identical, the latter see no reason for the disparity and envy tinges their relationship with the coordinating staff.

The coordinating agency, because of its other functions of reviewing programs, administering federal grant programs, and conducting long-range planning, has a fairly large staff, and may have extra economists, political scientists, and sociologists, in addition to the accountants and public and business administration personnel commonly found in all agencies. At budget time these staff members can be drawn into the review process, providing analytic capacity far exceeding that of the more technically oriented budget section. This flexibility gives the coordinating agency an analytical advantage over the executive and legislative staffs, which with few exceptions are only hired to review budgets.

In several of the 17 states the executive budget staffs were at least as experienced and capable as those in the higher education agency of the same state--for example, California, and to a lesser extent New York and Wisconsin. However, in most states the executive staffs cannot provide the variety of perspectives that persons drawn from a broad range of academic specializations offer. The lower pay for executive staffs (mostly in the civil service) also makes it difficult for the budget agency to recruit trained personnel from the institutions or the coordinating agency.

The legislative staffs are exempt from the merit system, and staff directors may be paid rather high salaries. However, except for a few offices of the joint legislative analyst, the pay and status of legislative staff members falls short of staff in the executive budget agency. This accounts in part for the lower capabilities found in the legislative agencies. While other staffs are often sufficiently large so that the younger and less experienced have mature supervision, the small staffs of the separate budget committees of the legislature often consist only of the younger inexperienced persons found at the lower levels of all the agencies. The short duration of these committee staffs and their practice of hiring quasipoliticians or recent college graduates are a poor basis for improving staff quality. Some legislative staff members look on their work as a temporary experience on their way to graduate school or a permanent position elsewhere. The low public esteem for legislators provides another negative incentive; ever aware of their vulnerability at the polls, legislators avoid paying visibly high staff salaries. In the early years, a high salary often meant a political payoff, and at times still does. Although legislators may see the wisdom of having a permanent, high-quality staff to aid them in competing with the governor and his staff in information-gathering and analysis, the political climate and tradition in some states, reflected in the public's attitude, may not allow it. This unevenness in quality of legislative committee staffs may continue indefinitely, but the Eagleton Institute and the Comparative Development Studies Center at the State University of New York at Albany have programs for improving their quality, and progress is being made.

How do these staffs see each other, given the differences in skill, experience, and permanence? In states where the joint legislative budget agency and committee staffs are not permanent (and in many cases where they are), both the state budget office staff and the higher education agency staff look on the legislative people as brash, capricious, arrogant, and ignorant of budgeting techniques and content. They are accused of taking well-prepared analyses of specific matters from the executive offices and coordinating agency, giving them a superficial perusal, arriving at a dilettantish conclusion, and passing them on to the committee as the alternative to the executive budget. On the other hand, legislative staff members view the staffs of the other two agencies as conservative yet spendthrift, skilled in analysis but not using their power to bring about change, laggard in responding to current political issues and more persuasive and powerful with the legislators than they should be, and slow to adopt new technologies such as unit costing, zero-based budgets, cost-benefit analysis, and tough program performance audits. Our studies indicate that on both sides, while these views exaggerate, they do have some validity.

Both the legislative and executive staffs view the coordinating agency staff as arrogant professionals, lacking in objectivity toward higher education, a front for the institutions, failures in presenting reasonable alternatives, and spenders. These observations also have validity.

These descriptions and others even less flattering have come from interviews with staff members who represent different perspectives, different vested interests, and different backgrounds of experience and training.

We believe that the description of the legislative staff members is sufficiently accurate and disquieting for legislators to reexamine their recruitment practices and use of staff. A number of excellent legislative staffs that perform functions legislators find very useful are extant and can be used as models.

Our findings indicate that because of inexperience and "missionary zeal" of legislative staff members, strong elements of instability and capriciousness can enter at a critical, almost the final, point in the budgetary process. These uncertainties often arise out of unrealistic objectives in trying to impose new technological models for management and control over the colleges and universities, with insufficient knowledge of the data bases required and the complexities of day-to-day administration. Legislative staffs seemingly fail to comprehend the severe limitations of such models to produce what their advocates forecast, and are reluctant to recognize that large-scale organizations such as colleges and universities cannot be run by a staff of a legislative committee. We found that staffs of the other two agencies were in general more realistic about what is possible and useful; experience has taught them that there are no panaceas for solving long-standing and important problems.

Pressure mounts as legislative staff members place, directly on the institutions and to some extent on both coordinating agency and executive staffs, requirements for information and data using new forms, unique definitions, and classifications, for driving a new but barely pilot-tested technological model. Most of them encounter information overloads and are unable to screen critical elements for legislative decision from myriad "bits" of data useful only to university department chairmen. With the high rate of turnover in legislative staffs, each new one bringing a new set of biases and aspirations, the role of the separate committee staffs in some states may be considered primarily disruptive of serious budget review without furnishing compensatory, viable alternatives for legislative consideration. Busy legislators appear not to know their staffs' activities. As Baaklini (1975) notes:

> *A legislative staffer can operate freely in the legislator's zone of indifference and, in many cases, can filter the constituency influence before it reaches the legislator. Therefore, this power vacuum*

> *is likely to be filled by the legislative staffer regardless of the exhortation placed upon him to remain loyal and subservient. (p. 507)*

While other staffs can sometimes be accused of similar practices, almost invariably this can be attributed to lack of professional training and interagency experience. All social organizations confront the well-intentioned zeal of the young, but legislators seem to fail to recognize that a problem exists. It is one thing to hire fresh talent with the goal of getting a different generational perspective on higher education and other social services, but quite another to allow them to intervene actively in information and management systems laboriously established through much study and cooperation by professionals experienced in the complexities of higher education. Legislatures might be advised that unless they employ experienced professionals they should be concerned about the high real-dollar costs incurred by other agencies and organizations because of legislative investment of minor sums of money in semi-amateurs.

Legislative staffs are with few exceptions small and very overworked. One, two, or three people do all the work on the subjects in the state budget, of which higher education is only one. These few order new studies, data, and approaches to budget presentation. Their capacity to absorb and analyze extant information, much less new requests, is of necessity very limited. It is no wonder that state budget offices and coordinators often view their efforts with skepticism.

The legislature has every right to the information it wants or thinks it needs. That information should be systematically collected and analyzed by the best professional people available to state government.

Staff Leadership. Leaders of state budgeting agencies for higher education fall into three classes, each with fairly distinct characteristics resulting in

very different modes of operation. Classifying people often glosses over individual differences in personality, experience, and educational and personal relationships; it is a mistake to think of the heads of the several state budget agencies as similar kinds of people simply because they all budget.

The first type is the secretary who works for a statewide governing board, the weaker legislative staffs, and at times for the governor. The professional backgrounds of secretaries may be dissimilar; the governing board leader may be a former local superintendent of schools, a retired small-college president, or an accountant-bookkeeper up from the ranks. The legislative or executive staff director in this category may also be from the ranks, an unsuccessful political aspirant, or a long-time political hanger-on working for either party but finding himself staff leader when his party has the majority. These are not powerful people, nor do they expect to be. They hold positions that pay moderately well and they provide moderate services in return. Dynamic, aggressive leaders they are not!

The second type, "the professional," often has a master's degree, has been a climber in the bureaucracies, and tends to inspire confidence in his judgment because of his varied and long experience and self-confident personality. He keeps up with the literature in public or business administration and knows about and often tries out new management practices. Most leaders in all three types of agencies fall into this category. Those in the coordinating agencies come from academic backgrounds in administration and research, perhaps having been a professor. The budget officer and joint legislative budget analyst often have held several administrative positions in an executive department, sometimes have conducted special studies for blue-ribbon commissions, and often have experience in political campaigns or as community leaders. The budget officer may have a long record of civil service and have been a climber within his agency for some years.

The third type includes those extraordinary persons who, by all standards of leadership, are powerful personalities--dynamic, persistent, and goal oriented. They are the presidents or coordinators of higher education agencies, the budget officers, and in a few states the joint legislative analysts, whose respect results from previous noteworthy performances and positions. Most are syphoned off from their regular jobs for frequent forays into large-scale commission work and for setting up new agencies and new functions for government, are influencial over and above that derived from the position they currently hold. Some may hold and exercise great power and have more influence on certain issues than do the elected political officers.

Exchanges and intercommunications between agencies in a state rests largely on the personalities who lead them. Argyris (1973) quotes Alison:

> *The core of the bureaucratic politics mix is personality. How each man manages to stand the heat in his kitchen, each player's basic operating style, and the complementarity or contradiction among personalities and style in the inner circles are irreducible pieces of the policy blend. (p. 709)*

Persons in this third classification may run roughshod over the weaker types in the other classifications, and may compete vigorously among themselves for power while they remain professional and calculatedly cooperative even when political turmoil reaches its peak. As Lindblom (1968) has written:

> *Proximate policymakers are always signaling, persuading, influencing each other in innumerable informal ways in order to achieve cooperation among themselves--or, as any one proximate policymaker sees it, in order to get others to go along with him. (p. 93)*

In the struggle among agencies to influence the budget, the type-three personality has distinct advantages over the other two, just as type two has over type one. Not that type-three leaders are always objectively rational. As Alison (Argyris, 1973) said, "Each person comes to his position with baggage in tow, including sensitivities to certain issues, commitments to various programs . . ." (p. 709).

In assessing the power relationships among agencies the personalities involved may determine power and have more to do with the success of intercommunication and interagency cooperation than the formal or informal structures developed for those purposes.

Funding. The agency with the least control over its own budget--the coordinating agency--obtains the most operating funds and has the most staff available for budget analyses. It has monitoring and coordinative functions as well as certain rule-making power to exert control over the colleges and universities. Its budget, however, depends to a large extent on what the other state budget agencies recommend. The acquisition of new funds is directly related to the almost annual increase in control powers vested in the agency by the state. The other budget staffs see the coordinating board as a valuable adjunct in creating a more rational system of higher education. But with few exceptions, neither agency sees the necessity for coordinators to review in detail institutional budgets, except to ascertain whether or not the budgets conform to the state's master plan for higher education. The coordinating agency often has a high-quality staff, but now that the governor and legislature have their own staffs there is no clear necessity for it to be heavily involved in technical budget work. Funds allocated for budgeting purposes at the coordinating level will be increasingly jeopardized in the future, following the recent lead of Colorado in eliminating them altogether. Legislators, however, may see an advantage in yet another agency taking a crack at cutting back budgets before they reach the governor and themselves.

The state budget offices are fairly well funded and the amounts increase, although at a slower rate than those of the other budget agencies, with each session of the legislature. More specialists, more analytical studies, and larger and more comprehensive information systems inevitably lead to a higher funding level. The legislature has not often cut back on these types of requests, in part because they eventually have access to some analyses and information from the executive and in part because they know that agency requests are substantially reduced by the state budget office. They tend to see each review as a means of interjecting more control over the total amount to be expended by the state.

The state budget office and the governor are less charitable toward the expansion of legislative staffs. They assume that in time, if not immediately, those staffs will compete favorably in policy analyses with the governor's staff, and that the legislature will have real alternatives from which to choose. Hence, while governors understand the right and perhaps the obligation of the legislature to staff, they fund them reluctantly. As the Governor of Kansas stated in 1975 to the Association of State Higher Education Executive Officers (from notes of the author): "When I was a senator I thought such staffs a great idea, now I'm not so sure." With the lawmakers' wariness in building up legislative costs and the governor's desire to limit them, the wonder is that staffs grow and also become more professional. Perhaps as the governor's budget office realizes the advantage of dealing with good professional staff rather than with lower-cost beginners they will urge an increase in budgets for legislative staff. This would serve the state, and here in particular higher education. As Downs has commented, the more resources an agency has the more innovations and alternatives will surface.

Information Systems and Technological Resources

A surprising finding in our study of 17 states was the meager information available to all but a few of the best agencies (Purves & Glenny, 1976). The publicity

given to accountability, cost-benefit analysis, and program budgeting by politicians, and the complaints of college and university officers about inordinate demands on institutions for information, led us to expect full-scale management and policy information systems in at least one, if not more, agency in each state. No such reality presented itself. We found most of the systems fragmented among two or more agencies, and access of other agencies to what information was available often impeded or blocked.

As expected, the agency with the most information about higher education was the statewide governing board. The state coordinating board was next, in volume and quality of data, followed by the state budget office, the joint legislative budget staff, and finally the committee staffs of the houses. Coordinating agencies (from which we expected much more than we found) appeared to rely heavily on data collected by the Higher Education General Information Survey (HEGIS) of the National Center for Educational Statistics. This multipart survey has a great deal of data to offer, which however have remained unverified over the years and which some participants from institutions at the various annual conferences of HEGIS (conferences for its improvement) have reported unreliable. Two anecdotes from the most recent informal meeting called by a staff member of the Department of Health, Education, and Welfare concerning statewide data needs illustrates this point. A director of institutional research stated that his institution invalidly took the percentage increase in enrollment for the year and applied it to all of the other elements in the survey: financial income, faculty members, physical facilities expansion, etc. Another stated that his institution did not use HEGIS data because they knew from their own reports that it would be invalid, especially on enrollments--a dimension for which each campus and college wishes to show increases in order to justify additional funds on the next budget cycle. While we by no means assume HEGIS to be worthless as an information source, we expected coordinating agencies to obtain data more pertinent to planning and coordination, and to have validated the data. We found good data and analytical capacity in fewer states than we expected. Perhaps Argyris (1973) is correct in asserting that executives do not want comprehensive data systems,

> *Because the use of the system (MIS) reduces the role of their intuition, reduces their space of free movement, increases their experience of psychological failure [the managers and administrators]. (p. 262)*

and, one might add, because information systems are expensive and often prestructured to a predecessor's needs.

As a rule, state budget offices and joint legislative staffs rely on the coordinating agency to provide information and data bases for higher education. Sometimes, however, they rely exclusively on the details supplied in the budget request document itself. This can place substantial burden on institutions to develop and furnish sufficient data, especially in multicampus systems where it is aggregated and valid proportions are worked out. While such information and data are furnished, we found that few data-processing agencies allowed for analyses of trends over the years or for policy shifts by the institutions, the state coordinating boards, or even their own agency. Perennial requests and reports with ad hoc use seem to prevail. Very few state budget offices were exceptional in their collection and use of data.

These comments on state budget offices also apply to the joint legislative budget staffs. The primary differences are less information collected and fewer analyses applied to it. The coordinating agency and then the executive budget itself are the chief suppliers of data, otherwise special studies of the legislative staffs provide what is required for the immediate budget cycle. Legislative staffs rarely have continuous information or data other than what is contained in the budget, and consequently rely heavily on special studies for which they collect new data directly from the institutions and occasionally from the coordinating agency and state budget office. We found no data bank for any legislative staff, despite their many studies.

As an element of power, knowledge and information have not been fully exploited by any state agency.

Rather, while each agency has competed with the others for status and power, they have used the plethora of special studies instead of regularized information systems, thus adding burdens to the institutions without creating a base from which to make longer-term policy analyses. The power sought is short-run, a momentary advantage on salient issues. If any agency has power from analyzed data in the form of knowledge, it is the higher education agency. However, its proficiency in this field falls into danger of neglect as the number of special studies from the other agencies multiply.

Higher education agencies, more than the others, led in unit costing for higher education, some having complex and elaborate systems. But even in these states large gaps existed on aspects of higher education important for planning purposes, such as faculty workloads, student classifications (especially counts of those in other than regular daytime degree courses), number and type of faculty trended by age and discipline, and trends in enrollment in courses and programs. Projections and forecasts were especially missing. All these elements are not essential in every state, for that depends on other kinds of data available; but the lack of concern over gaps in knowledge of systems operations was surprising. Concern for data collection was paramount everywhere, but systematic attempts to analyze, on a statewide basis, exactly what was needed for what purposes lacked coherence in most states and no doubt reflects the inability of agencies to set operational goals.

Nevertheless, almost every state planned to install a more comprehensive information system "next year" or "in a couple of years"--responses identical to those heard during an eight-state study conducted in 1971 by Glenny and Dalglish (1973). Moreover, in late summer 1974 this Center conducted a survey of college and university presidents in the 50 states on as many as 350 different elements of their operation, including enrollment, finance, recruiting, creating and discontinuing programs, etc. We also obtained information about management technologies employed and those expected to be used by 1980 (Glenny et al., 1976). The survey showed a meager past performance, but great expect-

ations for the future--a condition accurately describing the condition of state information systems.

Value Systems and Staff Leadership

Having emphasized our concurrence with the heuristic social approaches taken by Churchman and Gutman as "givens" in the solution of complex problems, we would hope for an array of staff at the highest policy levels with very different education and experience, and also with varying attitudes about life itself--from optimistic to cynical and pessimistic. Since their training sensitizes professionals to certain social factors and perspectives over others, it would seem desirable for professionals to represent a number of disciplinary outlooks in each budget agency.

If one assumes that the operational goals of a budget agency are purely technical, accountants or clerks will dominate hiring review practices to achieve the mathematical balancing so many budget agencies seem to see as a goal. On the other hand, if major social policy related to higher education epitomizes agency goals, one would expect a gaggle of social scientists from economics, politics, and sociology to predominate. If any single professional type dominates an agency, different results may be expected than if another type prevailed. For example, economists tend to be conservative in trending, using the previous ten years or more as a base from which to project the future, which often seems unrealistic because of the failure to include new but known social variables distinctly divergent with past trends. Sociologists, even the quantitative types, may do just the opposite, looking as they do for change factors in the society and methods of accelerating their use. The political scientist (quantitative type or not) continues his search for power factors and their manipulative blends, along with concern for the democratic processes.

Breadth of Agency Personnel

The hiring practices of a state agency determines the value systems brought to it by the professionals--value systems touched but not dominated by the politics of legislative or gubernatorial bosses. The leading professionals in higher education agencies and state budget offices (and sometimes in the joint legislative staff) often outlast the governor and leading legislators. The longevity in position of professionals means that over time their values are almost bound to prevail over those of the more transient politicians. The discouragement of many legislators after one or two terms, and their subsequent resignation to political reality, indicates their frustration in influencing policy that is mostly determined by a handful of politicians and their professional staff.

We found the broadest range of professional types (most were nonbudgetary) in the state coordinating agencies and presidential governing boards; the next broadest range in the budget offices, and the next in the joint legislative budget staff. The narrowest range was found in the separate legislative committees. Such a finding indicates something of the capacities of the staffs to analyze, recommend, or influence public policy.

Some scholars have suggested that the differential functions be delineated among the three types of staff, making each more distinctive than they are at present (Simmons et al., 1974). Selective hiring practices could make this possible, but it would do serious damage to the critical system of checks and balances in state government. This goal assumes a multiagency proficiency, each relying fully on the special expertise of the other agencies to complete the work of the budget seriatim in identifiable steps. The initial publication in this series of reports (Glenny et al., 1975) indicated that such steps can be isolated and treated for their activity content. However, the total budget process is overlaid and intertwined with myriad inputs and pressures that up to the present time have fortunately prohibited absolute uniqueness in function. Chapters 6 and 7 discuss activities in which greater specialization may occur without harming the system

of checks and balances, and that can preserve the panoply of options and alternatives the politicians need. All the agencies in this study make analyses and recommendations on major public policy; only the coordinating agency is limited to higher education. The rest must deal with all services of the state, so that it would seem desirable to employ a great variety of professionals to assure different perspectives on each issue before each agency.

Higher education agencies always have a board or council between them and the actual policymakers. The organizational distance between the chief budget officer and the governor may be two or three political layers away, and legislative staffs may have a political committee and perhaps a chief-of-staff politico rather than a professional through which recommendations must sift. All these conditions make it desirable to maintain a variety of professionals on each staff.

A distinctive characteristic of coordinating agency staffs is their proclivity toward academic attitudes and values rather than toward the general public interest of the state or the more political and negotiable values of the other agency staffs. This may be tied to the hiring of staff from universities or because coordinating agencies identify more closely with the colleges and universities than do the other budget agencies with their greater variety of clients. It may also result from drawing staff more from academic disciplines than do the other agencies.

Professionals of any persuasion tend to respect each other, exchange information and views, and carry smaller chips on their shoulders than do the amateurs who usually staff the agencies at the lower technical levels. Professional roles demand such interaction; and while they may differ strongly in their analyses, they may agree on data bases--the "facts"--and occasionally on the assumptions that underlie policy analyses.

Power Roles

The leadership characteristics of the heads of the several agencies also determine their power interrelationships. Selznick (1957) dwelt on the embodiment of purpose and the institutionalization of an organization as depending on leadership making right choices at critical times in the life of the agency. Some heads of agencies studied had short but charismatic terms in office; others had less charisma but greater longevity and longer-term influence on state policy. An analyst who served both legislature and governor in a Plains state had created for himself a position equal in influence to elected officials. So have a few legislative analysts; when they speak or make reports, one can assume that policy will eventually take roughly the form they advocate, although the political machinery and process must still be used to make statutory the final policy. Some state budget officers are powerful indeed, but primarily because they speak for the governor during his term and not because they create a constituency of their own. In our study we found only two budget officers who approximated the policy influence of legislative staff leaders.

Heads of coordinating agencies and presidents of statewide governing boards also carry considerable personal influence in some states. In part their power derives from acceptance by influential politicians of their recommendations over time, but in part it also depends on their personal energy, imagination, and political astuteness in exercising their responsibilities. Of the total in the nation perhaps fewer than a dozen would fall into this category, and their tenures usually have been shorter than the influential legislative and state budget persons. Coordinators sometimes seem more influential and powerful than they really are because they seem to speak for an important element in the state power complex--higher education. This image is illusionary for most. The presidents of leading state universities normally speak "for" higher education and have a more visible public image than the coordinators. On the other hand, in state policy struggles the coordinator who can hold his own with the state budget officer and legislative staffs is apt to speak more effectively for higher education than the presidents.

Table 6 is drawn from a 1971 study of eight states (Glenny & Dalglish, 1973) in which the head of each type of agency in each state was asked to indicate the percentage of power each agency actually exercised in its state in relation to higher educational policy. Note the differences among the several agencies for the relative powers ascribed to them. Agency heads in a state were in general agreement with these ratings, except the directors of coordinating agencies who tended to rate themselves as having more influence than the other agency chiefs.

Other scholars have used more sophisticated matrixes and methods for ascribing power and influence, ranging from the purely quantitative, derived from rating scales, to the opinions of experts using Delphi techniques.

Dror (1968) made an elaborate effort to develop an evaluative matrix for policy decisionmaking for democratic countries. We adopted his idea to look at the elements of budget development among budget review agencies in this study. In Table 7, the rankings show the impressions of our six staff members who interviewed officials and technicians in 17 states, and conducted surveys of both 17 and 50 states. We claim no quantitative basis for these rankings, but rather offer them as our aggregated, subjective impressions.

In interpreting such a matrix, one must be aware of the wide range of practices from state to state for any one agency. The permutations among them and among the states extend that range. For example, while state budget offices rank a little lower in overall quality of professional and technical (not only budgetary) staff than do the state regulatory coordinating agencies, California's state budget office compares favorably with any agency studied in the nation--as does the joint legislative analyst's staff. A few other states had almost equivalent staff quality among their leading agencies. The matrix, however, shows the combined impression for the nation as a whole--an average that cuts off the extremes at both the high and low ends of the spectrum. The conclusions reflected in the matrix are further elaborated in the summary

Table 6

AVERAGE PERCENTAGE OF INFLUENCE OF SELECTED STATE AGENCIES AND INSTITUTIONAL GOVERNING BOARDS ON HIGHER EDUCATION POLICY AS PERCEIVED BY HEADS OF STATE AGENCIES IN 1971, BY STATE[a]

States	Average percentage of influence on higher education policy					
	Coordinating board	Executive budget	Legislative staff	Public works	Institutional governing board	Other
California	8	26	11	2	52	1
Colorado	26	14	19	3	38	0
Hawaii	0	35	10	2	52	1
Illinois	31	26	5	0	37	1
Maryland	13	32	6	5	43	0
Michigan	9	26	23	7	34	1
Minnesota	13	10	7	14	56	1
Wisconsin	22	19	6	9	44	0

[a] Taken from Table 6, p. 101, in Glenny & Dalglish, 1973.

Table 7

PROJECT STAFF RANKING OF STATE AGENCIES' LEVEL OF ASPIRATION COMPARED TO ACHIEVEMENT ON VARIOUS ELEMENTS OF BUDGETING FOR HIGHER EDUCATION

Elements	State higher education agency		Governor's budget office		Joint legislative budget staffs		Separate legislative budget staffs	
	Aspiration	Achievement	Aspiration	Achievement	Aspiration	Achievement	Aspiration	Achievement
Qualified manpower								
Policy level	1	2	1	2	1	3	2	4
Technical level	1	2	1	3	1	3	2	4
Data base generated	1	2	2	3	2	4	2	5
Information shared	1	2	3	3	3	4	5	5
Operational goals set	2	4	2	2	3	3	5	5
Budget review								
Technical/mathematical	1	1	1	1	2	3	2	4
Substantive policy	1	3	1	3	1	3	1	4
Program review								
Technical detail	1	1	3	3	3	3	2	4
Substantive issues	1	2	2	2	2	3	2	5
Special studies	1	2	2	3	2	3	2	4
Long-range planning	1	3	4	5	4	5	5	5
Rational/systems analysis used	1	2	1	3	3	4	2	5
Contribution to higher education policy	1	2	4	3	3	3	2	4
Contribution to higher education appropriations	1	3	1	2	1	2	1	2

Key: 1 equals high, and
5 equals low

of findings in Chapter 5. In the final two chapters they lead us to suggestions for improving budget practice in the states.

We are concerned about the possible continuation of trends found among the states. With the exceptions we have cited, the state budget agencies appear headed for continuing crises in organization of operational goals.

Dror (1968) states:

> *I do not claim that operational goals and orders of priority are never established unless specific units are formally charged with doing so, but I do think that if such activity is to be systematic, some unit must be formally in charge of it. Similarly, specific roles and units must usually be formally established to take care of systematic thinking and planning, learning feedback, and other rational phases and subphases. (p. 210)*

5.

Findings on Agency Trends and Distinctiveness

This chapter presents conclusions drawn from previous analyses and information in other volumes of this series. Highlights of the trends in agencies' staffs, roles, functions, and relative power are presented in outline form. The middle section deals with interagency relationships and relative power, and the final section with the effects of professional staffing on budget policy and on democratic practice and decisionmaking.

AGENCY TRENDS

Legislative Staffs

Three types of legislative staff agencies impinge directly on budget decisions. Not all states have each type of staff, but most are rapidly acquiring at least one. No phenomena found in studying state budget practice seem likely to have as much impact on colleges and universities as the growth in number, size, and professional capacity of the legislative budget staffs.

Joint Legislative Budget Staff. In most states the joint legislative budget staff reports to a joint budget committee or to the legislative council. It generally preceded in time, in those states which have them,

the creation of a coordinating agency, or separate committee budget staffs in the legislative houses.

- Joint staffs usually have more experience and better professional qualifications than separate committee staffs; they almost match the qualifications of state budget office staffs, but fall short of those at upper levels of the state higher education agency.

- Work produced by the joint staff is more objective (and less partisan), more policy oriented, and has a longer-range perspective than that of separate committee staffs, but is similar to that of the state budget office and not equal to that of the higher education agency on each dimension.

- The reports and recommendations of joint staffs are more likely to be based on long-term accumulated knowledge within the agency (principally budget data and analyses) than are those of separate committee budget staffs, and are similar to those of the state budget office; the higher education agency uses more knowledge and data from other national or general sources.

- Joint staffs more easily gain the confidence of legislators and influence their decisions than do separate committee staffs.

- Joint budget staffs provide legislators with the most consistent set of alternatives to the executive budget.

- Over time, joint staff agencies often become fairly free of direct legislative guidance--sometimes becoming a force for influencing citizen views and public policy equal to that of individual legislative leaders.

Budget Committee Staffs of the Separate Houses. These staffs are increasingly found in one or both houses of the legislature, but not yet in every state. Their newness makes observations on them tentative, but patterns of activity can be discerned.

- All but a very few of these staffs are the least experienced and least sopnisticated of all the agencies studied. This may be the result of the relatively low salaries and high personnel turnover rates.

- They are more partisan and more subject to direct committee control, especially by the chairman, than most joint legislative budget staffs.

- They deal primarily with issues of high political salience.

- For special policy studies, they often collect data directly from the institutions in addition to that regularly received from the executive budget office and the state higher education agency, but usually make no systematic efforts to create a data bank.

- They work more closely with legislators than any other state-level staff.

- Because of inexperience and high turnover rate, these staffs have less continuing influence on policy than do the joint legislative budget staffs or other state-level budget staffs.

Program or Performance Audit Staffs. Program review staffs, the newest of all staffs studied, are usually found in a newly created agency or a new section of the old fiscal audit agency. Where such staffs have operated for more than a year they are likely to have studied some aspect of higher education, and most of them give higher education at least as much attention as any other function of the state.

- These staffs are generally better trained in research than fiscal committee staffs, but have about the same high turnover rate; they lack the experience of the senior members of the joint legislative budget staff.

- They are as independent of day-to-day control by legislators as the joint budget staff, although their studies must first be cleared with the committee or its chairman.

- Growth in staff size, allowing flexibility to add projects for study, may increase their independence from legislators.

- They frequently recommend, through in-depth studies, major policy changes relating to the subject under scrutiny, and generally examine the subject using a zero-base budget concept.

- As the volume of their studies increases they will directly compete with both the higher education agency and the executive budget office in reviewing program policy.

Interaction Among Legislative Staffs

Great variety characterizes the quantity and quality of interrelationships of the legislative staffs, ranging from close supervision and coordination of all staff work by a single director, to the active antagonism of separately controlled committee staffs.

- The joint legislative budget staffs exchange data and analyses with the executive budget office; but unless the joint staff controls the assignments of the separate committee staffs, competition rather than cooperation marks its relationships with them.

- The newer budget review and selective program review staffs appear to compete with the

broadly based joint staffs, and seek to establish independent domains and information sources.

- The quick-and-dirty studies of salient issues by separate committee staffs, and the more thorough research of the program review staffs, often result in recommendations that are at variance with those of the joint budget staff; these may at times be more influential because the programs studied are of immediate concern to powerful committee leaders.

- Tension among the several legislative staffs sometimes borders on civil war, or leads to mutual disregard. The older established joint budget staffs seem more conservative and perhaps more realistic in their view of viable political alternatives than do staffs of separate budget committees.

- Almost every activity of separate budget committees and program audit staffs is already found in the task matrix of the joint staff; hence the domain encroachment from the new staffs poses a real threat to it.

- A joint budget staff and separate budget staffs for each house appropriations or budget committee now exist in only a few states, but the number of states with these staffs and the sizes of the staffs are increasing.

The Executive Budget Staffs

In all but three states the governor has a professional staff devoted to budget development. Mississippi still maintains a legislative staff that also serves the governor. While weak-governor states tend to have staff of lesser capabilities and experience than strong-governor states, weak-governor states are gradually diminishing in number. Of our 17 states, Florida, Kansas, Mississippi, and Texas fall into the weak-governor category.

- Executive budget staffs are gradually improving in professional quality, with those in four of the 17 states (California, New York, Washington, and Wisconsin) equaling or exceeding the staff quality of any other agency that reviews the budget in whole or in part.

- They usually have civil service status, unlike staffs of legislatures and most state higher education agencies.

- They have a somewhat longer time horizon for policy analyses than legislative staffs, but less than higher education agencies in most states.

- As issues become more complex and subject to quantitative analysis, the state budget office plays a stronger role in determining gubernatorial policy.

- Staff members generally attempt to be nonpartisan (except for the politically appointed chief or department head), but the influence of professional staff on final state appropriations is related to the governor's strength in his legislative relationships.

- As agents of the governor, state budget offices wield considerable power in state policy, but unlike a few top legislative analysts the chief professional does not gain an independent citizen or political image.

State Higher Education Agencies

All but one of these agencies have been organized since 1940. The chief staff members (of the agency, not the budget section) usually have an academic rather than a business or public administration orientation. Members of the technical budget staff are likely to be college graduates with previous budgeting experience. These

budget analysts are subject to close supervision by the generalist senior staff of the agency.

- Except for the director and perhaps a deputy, the coordinating agency staff members are less qualified than their counterparts in the large research universities, but the qualifications of the technical budget staff are similar to those of the executive budget staff and the joint legislative staffs in the same state.

- Staff members are improving in quality, primarily because of increased administrative control vested in coordinating agencies, higher pay levels than other state staffs, and the depressed job market for advanced graduates.

- These staffs are expected to provide more comprehensive analyses in more subject areas of higher education than other state staffs, but many if not most fall short of creating an ongoing long-range planning process for higher education.

- Although with few exceptions program review belonged originally to the higher education coordinating agency, this agency now faces sharp competition from legislative budget staffs as well as some executive offices.

- The coordinating agencies face increasing competition with all other state budget staffs in budget review.

- The coordinating agencies provide increasingly redundant analyses in both budget and program review to a governor and legislature that have their own analytical capacity.

- Coordinating (as opposed to state governing board) staffs gain additional administrative oversight and control primarily through the

acquisition of powers formerly the province of governing boards, and by being assigned administration of state and federal student and categorical aid programs to the colleges and universities, both public and private.

INTERAGENCY RELATIONSHIPS

Interagency relationships within each state are fairly unique in comparison to other states; nevertheless, we may generalize about some tendencies among state staffs:

State Staffs

- The more professional and experienced the staff, the more cooperation there is in the exchange of data, information, and analyses.
- Professionals are apparently able to exchange factual data without impairing their conduct of independent analyses that arrive at divergent or opposing conclusions and recommendations.
- The level of professionalism in state budget agencies is correlated rather closely with salaries, and to a much lesser extent with the degree of freedom from immediate supervision by a politician or board.
- The surplus of doctorates in the social sciences aids all state budget agencies in improving the quality of their staffs.
- Within a state, staff turnover is correlated with salaries.
- Staff members may move from coordinating agencies to state budget offices and joint legislative budget staffs, and especially from the executive office to the joint legislative staff; but seldom in the opposite direction.

- No director of these agencies had ever directed another kind of agency considered by this study.

- Inexperienced staffs tend to:

  Be unrealistic about the appropriateness and value of the new technologies for management and planning, and seem to be unaware of the limitations of devices for obtaining unit costs, cost-benefit analyses, and performance audits.

  Request new information and data from institutions that require different definitions and aggregations than do the regularly collected data (usually done by state higher education agencies or through the requesting budget document).

  Focus on single issues without taking into account the full range of dimensions that characterize higher education problems, at times recommending policies to political and other bodies that cannot be implemented or that call for major reorganization of the functions and programs of colleges and universities or of their data bases.

  Feed to their committee or board a precis of reports and studies that often omit the major reservations and conditions that would make a recommended course of action unwise or inappropriate.

Information Bases

- The amount of data and information available from an agency is associated with the level of professionalism of its staff.

- Because they have functions other than budgeting, coordinating agencies provide the most diverse and valid information about state higher educa-

tion, and are expected by other state staffs to furnish more than is current practice.

- State budget offices and joint legislative staffs generally do not develop trend analyses or an aggregated data base from the year-to-year data furnished in budget requests from the higher education institutions or segments.

- The density of communication among the agencies follows closely the flow of budget requests from one agency to another:

  If copies of requests go first to the coordinating board and then to the state budget office with accompanying analyses, communication between these agencies is often high--as it is later between the state budget office and the several legislative staffs when the executive budget is considered in the legislature.

  Executive budget offices obtain most of their information from the budget document, the coordinating agencies, special reports, or routine statistical reports.

  Legislative staffs obtain most of their information for budget review from the executive budget staff, directly from institutions through special studies, and to a lesser extent from the coordinating board.

  Special studies provide almost as much basis for developing policy alternatives as do the formal regularized information banks and reports; and because they are ad hoc and use varying definitions of terms in contexts not normal to the regularized data systems, the colleges and universities often furnish much data and information that is superfluous and not compatible with the regularized information.

- Although all agencies keep certain information and analyses private, ease of access to analyzed information ranges from the almost fully open system of the coordinating agency to the state budget office, the joint legislative staff, and the separate legislative committee staffs, in that order:

  The newer and less professional staffs are more likely to keep their findings confidential, while the older and more professional staffs may withhold insights and policy objectives but tend to be more generous with their routine information and helpful to other agencies in its interpretation and use.

- Openness in communication appears to be related to the organizational distance between politicians and staffs; those closest to the politicians on day-to-day matters are the least communicative with other agency staffs:

  Independent groups within the legislature may create an atmosphere inimical to a free exchange of information, often among staff of the same committee if it is partisanly divided.

  Staffs of coordinating agencies and executive budget offices find it difficult to communicate with legislative staffs, who do not communicate freely among themselves much less take a coordinated position on policy matters.

- The different legislative staff agencies provide the legislature with several viewpoints or alternatives on particular issues--a goal sought by legislators; but a single well-researched and formulated counterplan to an executive budget rarely surfaces.

- The forces demanding accountability through the use of unit costs and program budgeting tend to encourage agreement on a common information system among state staffs:

  The lack of staff qualified to establish costing procedures in each agency and the recognized expense of competing cost systems create conditions for mutual agreement on the objectives, definitions, and collection procedures of the costing system.

  Agreement on costing and information systems, although often tenuous, can only be achieved after the several agency staffs have become equal in professional proficiency and outlook.

  With rare exceptions, the state higher education agency leads in creating the information system and locating the data bank and its initial analyses.

Role Competition and Confusion

- The roles of individual state budget review agencies become more and more confused as competition among them for political attention and influence increases.

- Increased professionalism in staffs allows for more intercommunication but also pits one set of professional values against another, and in the short run increases domain competition.

- The executive budget office has the clearest role--that is, preparation of the executive budget document. However:

  Most coordinating boards were created with powers to review college and university budgets and to report recommendations to both governor and legislature.

When the coordinating agency acts as a neutral party, not as lackey to the governor or legislature, its recommendations can be accepted entirely or in part by both political bodies.

As coordinating agencies become more closely affiliated with the governors' offices, they tend to support the direction and assumptions of the executive budget staff, providing neither an independent set of recommendations nor analyses that disagree with those of the governor and his staff.

The closer the affiliation between the staffs of the coordinating agency and the governor, the less confidence legislative staffs have in the coordinators' analyses or judgments on higher education matters, especially their recommendations on the budget.

- When the only state budget review staffs were the state executive budget office and a joint legislative budget committee staff, each understood its respective role and responsibility to its political arms. However:

  The advent of the coordinating agency created ambiguities for both these agencies because, by law, it was to be a third force, assisting the other staffs but not responsible to them.

  In a few states the legislature, not satisfied with a single joint budget committee staff, created additional staff offices for the appropriation committes--taking a piece of the action formerly the exclusive domain of its joint staff.

  The separate budget committee staffs create their own alternatives to the executive budget, to recommendations by the joint legislative staff, and to the fiscal staff in the other house--all contributing to lack of internal legislative coordination.

In some states the separate budget committee staffs divide along partisan lines so that there are increasing numbers of alternatives on every important political issue; partisanship also prevents agreement on respective staff domains.

The coordinating agency does not threaten the executive budget staff or the joint legislative budget staff as long as they perceive it as a friendly third party; this friendly relationship breaks down only if the coordinators drift into the governor's camp, by design of the governor or because of weak leadership in the coordinating agency; or if (as so many did in the 1960s) the agency becomes a "front" for the institutions.

Relationships among all three agencies will deteriorate if the separate budget committee staffs begin to compete openly with the previously established agencies.

In states where there is a separate budget committee staff, it threatens most the joint legislative staff (unless it is under its aegis), next the coordinating board staff, and least the executive budget office; but whatever functions are performed by the separate committee staffs, they are likely to be in direct competition with one or more of the other agencies.

- The new program evaluation or audit committees have yet to carve out their domain, but their activities are also likely to overlap with those of the other agencies:

The work of these committee staffs generally focuses on single issues rather than the whole spectrum of matters dealt with in higher education budgets; but insofar as the other agencies take positions on an issue, the threat of an alternative to their recommendations exists.

Program review agencies may gain influence and broaden their domain as "incremental program budgeting" gradually emerges as the primary budget form--a goal of most executive budget staffs and many legislative staffs.

Redundancy

- The amount of redundancy that exists between the executive and legislative branches in their review of operating budgets for higher education is very close to 100 percent. However:

  The democratic system of divided power and checks and balances allows for this duplication.

  The amount of budget review duplicated by staffs within some legislatures appears to be in excess of that required for checks and balances, since as many as three or four separate staffs can be working on the same problem issue.

  If the legislature attempts to reduce in-house staff competition, it may concurrently develop better professional capacities to analyze executive budget recommendations.

- The coordinating agencies are finding their program-evaluation and budget-review functions increasingly duplicated by the legislative and executive staffs:

  Because the coordinating agency is not essential to the system of checks and balances, it is the agency most vulnerable to reduction in function, scope, and funding; this has already happened to two agencies.

  It appears that unless the coordinating agency performs more distinctive functions and activities and for each political arm equally, it will be reduced to an administrative or ministerial agency.

The loss of power and influence over institutional budgets also makes the coordinating agency vulnerable relative to powerful universities and community college systems, which can bypass the coordinative structure and appeal directly to politicians and their staffs.

CHECKS AND BALANCES--AND REDUNDANCY--IN GOVERNMENT: THE ISSUES

- Under early state constitutions, the legislature was supreme and the executive was administrative, intended to carry out the will of the legislative branch.

- After the turn of this century pressure grew for formulating a single budget for the state as a whole, including all agencies, rather than allowing each commission, council, or administrative agency to take their budgets directly to the legislative appropriation committees.

- More than any single factor, the development of the executive budget strengthened the office of the governor; at the present time, in most states the governor is more powerful than the legislature (hence the terms "strong-governor" and "weak-governor" states).

- In the last decade, the legislature began to recoup powers delegated or abrogated to the governor through the budgeting process by creating its own professional staff agencies to provide counterproposals and alternatives to the executive budget.

- From the Federalist papers and the United States Constitution, it would appear that this tension of counterbalancing powers is at the heart of our democratic process.

- The growing redundancy between the two branches of government in budgetary review (as well as administrative oversight) thus seems essential to the preservation of our system of government.

- What is not clearly essential to the system is the large amount of overlap and duplication among the joint and separate budget committees of legislatures, and the continuance of other agencies, such as state coordinating boards, to perform virtually the same budget, and at times selective program, review functions as do the political arms.

- The legislatures have two houses and, as part of the system of checks and balances, need equivalent staffing.

- The coordinating agencies perform important functions for the political arms, but as the constitutionally based bodies create their own capability for budget and selective program and issue review, coordinating agency activities in the same areas become unnecessary.

- Redundancy is particularly acute among all three types of agencies in the review of technical, mathematical matters rather than of policy matters having longer-term consequences for higher education relationships to the welfare of society.

PROFESSIONALS IN THE POLITICAL ARENA

Professional Staff: General

- Professional staff bring rationalization (of information and analyses) to the decision process as well as the attitudes and values which permeate their subsequent policy and technical analyses.

- The values and assumptions of politicians may be at variance with those of the professionals.

- If Weber is right, the politicians cannot stand up to professional "scientific" analyses.

- If so, the judgment of professional specialists may be substituted for that of the politicians, which often leads to "poor" political judgments that overlook equity and the people's expectations of government.

- In most states the executive branch seems irrevocably committed to larger and more specialized staffs for social science analyses of budget and program review, and the legislatures seem determined to match the governor's analytic capacities.

The Executive Branch

- Executive budget staffs seek more rational answers through performance budgets, program budgets, management by objective simulations, and zero-based budgets as well as other techniques (Purves & Glenny, 1976).

- Executive staffs grow in size and specialization, in some states absorbing almost fully the budget activities of the coordinating agency.

- The governor's appointive powers and tenure further strengthen his role and the role of his budget staff.

- The rationalized position of a strong governor previously left the legislature relatively powerless.

The Legislative Branch

- The legislature responds to executive power with its own joint staffs, committee staffs, and partisan staffs for professional policy and technical analyses.

- Only highly professional legislators can effectively counter the governor's professional staff; this has not yet been achieved in most states.

- Temporary legislative staffs are not likely to be able to counter the information systems and models presented by the governor's permanent (often civil service) staff.

- If legislative staffs are permanent, they become bureaucracies--as do the executive staffs.

- Several separate professional staffs in each house provide alternative analyses to contribute new perspectives on issues, including those in the executive budget.

- If legislative staffs are centralized under a joint committee or are fully coordinated in their operations, fewer options are likely to be available to the legislature but a more unified position may prevail for countering specific issues in the executive budget.

- It appears unlikely that a position taken by a governor can be consistently and successfully challenged without an equally singular and thorough professional analysis by the legislature.

- If legislators succeed in establishing such analytic capacity, according to theory they cannot as individuals stand up against the unified professional position of their staffs (although because of personal diversified interests they are probably more able to do so than the governor can with his staff).

- Staff analyses, with their hidden assumptions and values, tend to dominate or heavily influence the legislative process of decisionmaking.

- The confrontation between the executive and the legislative branches often becomes a battle of the professional analysts, as is the case at the federal level.

- If the professionals of the two branches of government agree in their analyses on how to resolve particular issues, the decision is quite likely to be adopted by the politicians of the state, except perhaps on a few large and highly political issues such as those relating to environment and energy, welfare, health care, and (in higher education) the closing of a college or university or the opening of a medical school.

- If the professionals disagree (which is not uncommon) between the two branches or within the two legislative houses, the politicians may choose among options presented or create new ones.

Coordinating Agencies (not including statewide governing boards)

- Staffs of coordinating agencies are increasingly committed to the social-science, public-administration view of their role.

- In some agencies the number of staff members has increased to the point of having specialists and supporting assistants to exercise each of the agencies' legal mandates. In some states budget reviews are detailed to the extent of encouraging third-level analysts to recommend on whether or not a faculty member or piece of equipment should be added to a particular department in a college or university.

- This overconcentration on technical detail results in decreased attention to analysis of long-range, more fundamental problems, or to the relevance of budget requests to shifting individual and societal needs, i.e., policy analysis.

- Technical review tends to emphasize the activity most focused on by both executive and legislative staffs, causing more rather than less redundancy.

- Policy analyses of coordinating agencies appear to deal with single large issues, such as new medical, dental, or veterinary schools, student aid programs, or a tuition increase, rather than on more comprehensive issues such as the changing functions of higher education, roles and mission of individual institutions, education as a lifelong process, and long-range support of various types and levels of education.

- Coordinating agencies are becoming more closely tied to the executive branches, with coordinating staff providing basic data and detailed technical analyses. These are reviewed in detail by the executive budget staff, and short-run policy decisions based on them become proposals in the executive budget.

- The validity and usefulness of such technical analyses by coordinating staffs is increasingly questioned by legislative staffs, partly because of their own capacity for the work and partly because the coordinators appear to be captured by the governors or institutions.

- Coordinating agency professionals rapidly lose influence to the other two types of agencies when they do no more than produce budget reviews and selective program analyses within the same short, confining time-frame of one or two years that characterizes the budget cycle.

- The coordinating agency, the only agency that up to now has the unique legal role and presumably professional capability to conduct long-range forecasting and comprehensive planning for higher education, appears to abdicate these functions in favor of administration and routine technical data collection and review, and has failed to distinguish itself from the other state budget agencies.

6.

Domain Consensus and Functional Redundancy

Chapter 5 has shown that most of the 17 states in our study have failed to achieve a significant degree of domain consensus among the several agencies that review operating budgets of higher education. Overlap and duplication prevail to a greater extent than required to achieve the desirable goals Landau (1969) has suggested can result from redundancy. While because of the system of checks and balances one cannot expect to place limits on the staffs responsible to political leaders, there could be a healthy amount of redundancy without replicating the work in three or more agencies. A more rational division of labor could exist between the two legislative houses by using the political parties to coordinate, and some variation between the executive budget office and the legislative staffs could be achieved without harm. Landau's theory requires not replication but an array of approaches and perspectives to solve particular problems.

If appropriate duplication already exists between the two political branches of government, the state coordinating agency for higher education increasingly performs budget functions already assumed by the political agencies. If coordinating agencies persist in old roles and fail to create a new, distinctive budget-policy domain for themselves, they become sufficiently superfluous to jeopardize their legal delegation of budget powers.

Johnson (1976) quotes Millard:

> *To the extent that cooperation and coordination among institutions and state agencies have been less than effective, for whatever reasons legislators, governors, and state budget officers have not been hesitant to move directly into institutional affairs. . . . The real danger is that responsibility for planning and coordination of postsecondary education will pass out of the hands of the state agencies created for this purpose. (p. 14)*

This chapter will discuss variations in the roles of the several types of review agencies to encourage greater specialization without losing desirable redundancy.

DOMAIN CONSENSUS

The complexity of developing budget recommendations for any function of government is generally unparalleled in any business or industry no matter how large it is, how heterogeneous its products, or how conglomerate its enterprises. Relatively few top executives or board members can, in the small and intimate environment of the boardroom, quickly narrow down issues and resolve them without fear of violent opposition by organized groups outside the boardroom. Not that this process is simple; on the contrary, a vast number of impinging variables in the form of other organizations, governments, market forces, and foreign and domestic competitors, must be taken into account. Still, few people in the organization have to reach agreement.

In government, the issue is never fully resolved. Temporary solutions typify a democracy in which many voices must be heard repeatedly from one budget cycle to the next--probably annually. Political reality shapes the decisions to a far greater extent than systems rationales based on "scientific" or market conceptions. The fragment-

ation of values in modern democratic society makes even political rationality more difficult to achieve than in previous generations, when consensus on a wide variety of fundamental underlying assumptions could legitimately be assumed.

Budget Staff Consensus

The Center's state budget study focuses on the staffs that serve state politicians and their governments. While we are aware of the political influence on these staffs to make "acceptable" recommendations, we assumed and later found that staff-originated recommendations were seldom rejected outright and consistently directed the thinking of political leaders on budgetary matters. Of course, staffs need hardly be commanded to follow the drift of political winds, and radio, television, newspapers, and journals aid them as well as the politicians. However, budget staffs have a great amount of data, information, and analyses to which the public and the politicians are not privy. These private sheltered sources were found to be especially influential with staffs, combined with their biases from professional training and orientation.

State budget staffs are generally small (from two or three to 100 persons) and might be considered the province of research in small-group dynamics rather than organization theory. Yet their influence on state policy is tremendous, especially where policy issues are enmeshed in the budget document rather than formulated in studies by substantive committees of the legislature. Downs's laws for large-scale organizations apply in no small part to these budget agencies. The applicability of these bureaucratic laws may derive from the location of these agencies at the apex of state organization structure, the unique power they hold, or the fact that Downs's assumptions of personal psychology are applicable to human organizations regardless of size.

At any rate, Downs's law on domain expansion applies to the organization of staffs in all but one state. Competition for influence and independence often intensifies

to the point of open hostility, especially between the executive and new legislative staffs, and sometimes among the legislatives staffs. Thus, the roles and specific operations of the agencies rest on little mutual agreement. Thompson (1967) stated that,

> *Domain consensus defines a set of expectations both for members of an organization and for others with whom they interact, about what the organization will and will not do. It provides, although imperfectly, an image of the organization's role in a larger system, which in turn serves as a guide for the ordering of action in certain directions and not in others. (p. 29)*

We found that little domain consensus exists among the budget review agencies in the states. Certainly each agency envisions a domain for itself, although sometimes vaguely; but the agencies do not necessarily agree on domain boundaries, particularly since they often appear to overlap to the point of being coterminous. On the other hand, while tensions remain high, some executive budget officers realize that the division of power defined in the Constitution requires that the work performed by legislative staffs will of necessity duplicate their own. Both executive and legislative staffs drew the same conclusion about the statutory charge given to the coordinating agency to perform specific budget functions. So the parties do have a loose consensus on overlapping domains--but not in the supportive cooperative sense that Thompson and others urge. Thompson writes that "the relationship between an organization and its task environment is essentially one of exchange . . . exchange agreements rest upon prior consensus regarding domain" (p. 28). Prior consensus on domain among agencies is not often achieved in most states, and the exchange rate is relatively low. For these reasons, the same budget issue may engage the attention of each agency that works on the budget--in some states four or five.

The lack of domain consensus can be attributed to: 1) the lack of specific operational goals for each agency, and 2) the newness of many agencies and their staffs. Both are a result of our constitutional system of checks and balances. Service organizations generally have looser and less well-defined operational goals than do technical or product types of organizations. Budget staffs of both governor and legislature could be viewed as technical organizations, with clear-cut operational objectives to control daily staff activities. Budgets must be reviewed for accuracy, correct responses to instructions for formulation, consistency with previous budgets, and the relationship of budget demands among the agencies and collectively with the projected income of the state. However, even these functions can be heavily influenced by the politicians who direct agency personnel, or by the general tenor of the "platform" and values of political parties, thus losing the preciseness and objectivity that "technical" has come to mean. Staffs anticipate political reactions by interpreting social and economic trends and currents that favor or obstruct publicly stated objectives of their leaders. These influences are subtle and allow transgression over the threshold of professional objectivity, creating a working environment not committed to technical purity and permeated with value influences characteristic of the human service organizations. Technical operational goals may be clearly stated, but the infusion of value into decisions related to the goals muddies that clarity and makes possible the open, free-wheeling activity that causes overlap and vague domain boundaries. A staff with enough incentive and capability can enlarge its boundaries to encompass almost completely the substantive area of another agency, and can draw back when the political waters get rough and seek the sheltered cove of technical review. The dynamics of this ebb and flow almost defy setting operational goals that could in theory lead to consensus on reasonable domains among the budget agencies.

Lack of domain agreement is also related to the newness of some agencies, especially the legislative ones, and to the newness and inexperience of many staff members in all the agencies. New persons with unique professional

and experiential backgrounds continuously replace persons of different character who have different views of daily duties and budgeting functions. With relatively small staffs and an almost overwhelming amount of diverse activity possible, each person can take on those activities that fit his personal outlook, values, and objectives. Perrow (1972) states that where tasks are not routine, as in legislatures, "more discretion must be given to lower-level personnel; more interaction is required among personnel at the same level; there must be more emphasis on experience, 'feel' or professionalization" (p. 166).

This freedom to choose personal priorities creates special problems. The new staff, plus the instability of political and professional leadership in an agency, allow the inexperienced or naive to carve out activities in a style that some college and university leaders see as chopping with meataxes. Certainly, the combination of new agency, new personnel, and ill-defined operational goals provides a chaotic setting in which ambitious and idealistic "climbers" (to use Downs's terminology) may feel free to challenge other agency staffs for influence and power. Domain consensus is not a high-priority item on new staff agendas.

According to Perrow (1972), some organizations take on a life of their own, and the institutional school of organization theorists--those studying the dynamics of institutionalizing organizations--have led us astray in not recognizing this fact. Perrow states that

> *[This school] has not considered the other possibility, which, for the important organizations in our society, is at least equally possible: that the environment has to adapt to the organization. The major aspect of the environment of organizations is other organizations; the citizen and the "community" fall between the stools. (p. 203)*

The findings of our study tend to validate Perrow's assumptions that organizations have a life of their own and that their concern is with other organizations first and with public priorities second. (An excellent example of this is reapportionment: the incumbent legislators versus "the people.")

Exchange Agreements

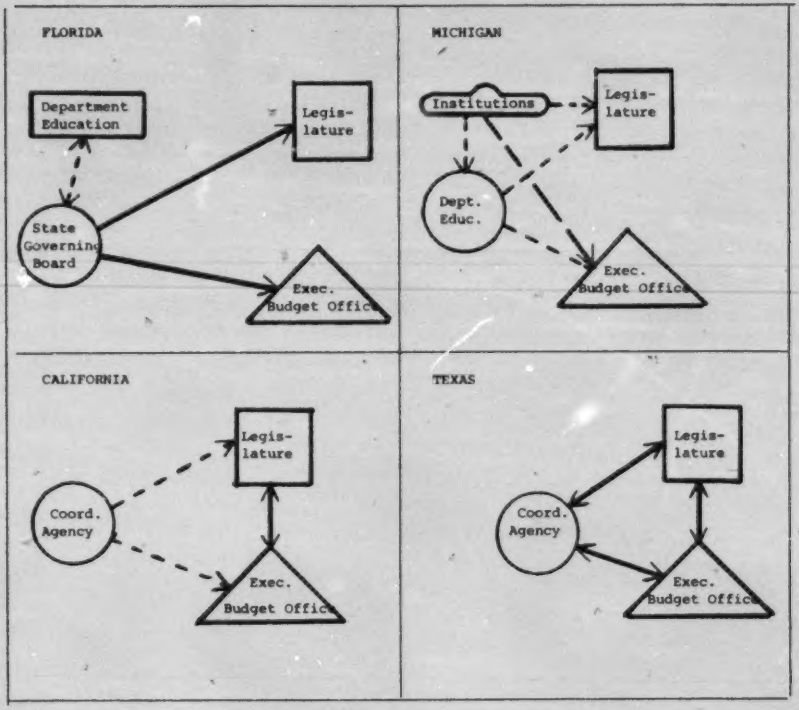
Certainly, to achieve domain consensus among these organizations is a Herculean task. If Thompson is correct in saying that such consensus is based on "exchange agreements," the state budget agencies appear unlikely to agree. Yet voluminous information is passed from one agency to another, sometimes on an exchange basis but more often flowing in one direction: from coordinating agency to political agency, and from the executive budget office to the legislative staffs. The reverse process--legislative staffs feeding information to the other two staffs--is rare; and seldom do executive staffs serve the coordinating agency. The direction of flow reflects the information needs of each agency as budgets proceed, seriatim, through state processes; but this is certainly not always the case. (Purves & Glenny, 1976, elaborate on information systems and their mutual use in another volume of this study.)

Chart 2 shows a few examples of the flow of data, information, and analyses from one agency to another in four of the 17 states. No two are exactly alike in their exchange of information, primarily because of the number and variety of agencies from state to state.

Florida's statewide governing board provides analyses and a great deal of information to the political budget staffs; however, the intense competition between the legislative and executive staffs allows very little information to flow between them other than the executive budget document itself. In 1974 a leading senator called meetings of all the staffs to increase domain consensus, information flow, agreement on formulas, and a common understanding of the assumptions underlining certain budgetary issues.

Chart 2

DATA INFORMATION AND ANALYTICAL FLOW AMONG AGENCIES IN FOUR STATES



Key:

Solid lines indicate greater volume of communication than the short dotted lines. Arrows indicate the dominant direction of information and data flow.

In Michigan, the Department of Education is the ostensible coordinating agency, but its staff for higher education consists of only two persons and the amount of information developed and available to the other agencies is minimal. The two branches deal directly and separately with each institution. As in Florida, only the executive budget passes between the two political arms and their staffs, and then only in a program form unacceptable to the legislature.

Like the old coordinating council, the new commission for coordination in California continues to conduct special studies for public, other agency, or institutional use. By statute, the agency advises institutions, the governor, and the legislature; but in fact the volume of direct flow of analyzed data to the political arms remains low. On the other hand, information exchange between staffs of the long-existing executive budget office and the legislative analyst is high and domain consensus has been largely achieved; however, the new staffs of the senate appropriation committee and of the leadership of the lower house put considerable strain on consensus as they convert information from these agencies into recommendations that vary with those of the older agencies.

Texas is unique among the 17 states in that information flows freely among the three major agencies, with the executive budget developed jointly by the legislature and governor. By law, the higher institutions are funded through formulas developed by the coordinating agency. We have labeled this arrangement a "country-club model" in which major decisions are worked out by the heads of the three staff agencies, and then inserted into the joint legislative-executive budget.

These "models" of information-and-data exchange along a spectrum indicate that "exchange agreement" has been reached in only one state out of the 17. That one we attribute to its long history of one-party rule, with informal decision patterns outside the public purview. While two political parties now exist, the old cordial working relationship between the agencies continues even though the chiefs of staffs have changed.

Rather than attribute information flow to steps in a budget process, one could justifiably conclude from the models and from other study data that realpolitik relationships determine information flow, volume, and direction. The coordinating agency generates data and information, makes detailed budget analyses, and sends recommendations and accumulated documentation to the executive budget office and simultaneously, or a bit later, to the legislature. It is dependent not on information exchange but on the goodwill of the political agencies in approving its operating funds. The exchange is that of giving information and advice (i.e., recommendations) for survival. At any given time the coordinating agency responds as quickly as possible to demands for information from the political agencies. As Thompson (1967) writes: "Unless the organization is judged by those in contact with it as offering something desirable, it will not receive the inputs necessary for survival" (p. 28).

However, the coordinating agency holds some advantage in having first-review rights on the budgets of institutions, by conducting first analyses and making the first recommendations. While this usually carries a power advantage, the coordinating agency also bares its assumptions and objectives and gives away much of its budget strategy at an early stage. The executive and legislative agencies second-guess coordinating agency recommendations by reevaluating its information and recommendations. To a lesser degree, the budget flow also exposes to legislative staffs the strategy of the state budget office as revealed by the executive budget document. Normally, however, that document carries very little analysis or supporting information for the individual dollar recommendations of departments and services. More important, the executive office and legislative staffs, and their political leaders, engage in rugged negotiations to reach trade-offs over issues. Coordinators, while not entirely left out of the power process, can only enter the negotiations in an advisory capacity, though they may have the historical prestige to influence decisions or be supported by influential institutions at this stage in budgetmaking. As Millett (1970) states, the coordinating board must at this point represent the interests of the institutions in the

struggle with the political branches. Still, coordinating staffs rank lowest in power struggles compared to all the political staffs.

While the governor's budget office can control day-by-day activities of the coordinating staff by demanding studies, plans, and other information, it cannot in any way control the legislative staffs, even if it wished to. Once the executive budget passes to the legislature--usually with little accompanying documentation other than the original requests of the colleges and universities--the budget office stands ready to defend and support the executive budget. In doing so, it usually responds to information requests from legislative agencies only as it assesses the advantages in doing so.

During this period, the legislative staffs often gain the upper hand and use their power with increasing frequency and effectiveness compared with the coordinating agency and the state budget office. Executive staffs resent, much more than coordinating staffs do, the reanalysis of data by the legislative "upstarts," as newer staff are often termed. "We do the work, they get the credit." Once appropriations are made, power reverts to the governor's office in determining whether to veto, line-item veto, or reduce amounts for particular programs or functions. After signature, the administration of appropriations also rests with the governor, his department of administration, and his budget office, aiding in the administrative supervision of the operating agencies, including the coordinating agency. Legislative staffs, especially staffs of the separate budget committees, have a rapid turnover rate. But as these staffs become more stable they, like the joint legislative staffs, begin to gain power and to "oversee" executive branch operations, gaining knowledge useful in combating the next executive budget. In their overseer or management role, the legislative staffs tend further to duplicate the work of the executive office and the coordinating agency.

In summary, an adequate degree of domain consensus among the three main budget staff agencies and the several legislative staffs is far from achieved,

although the maturing of the agencies and increasing permanence and professionalism of staffs may lead slowly to it. Evidence indicates that as the two political types of staffs achieve consensus, the role of the coordinating agency in budgeting and some aspects of program review will be increasingly superfluous. While its existence is probably assured because of its administration of some federal and state programs, its most powerful tools for achieving effective coordination of higher institutions will have passed on to the political arms of government. Millard was prescient in warning that coordinators must respond more effectively to what the political arms require for policymaking, or else lose their functions. But for the executive and legislative staffs survival is not an issue. The inherent struggle for power between the executive branch and the lawmakers assures continued staff expansion and influence.

What can be suggested to increase domain consensus among the agencies and to reduce the ballooning information-and-data requests to the institutions and campuses? Should an influential and critical budgetary role be preserved for the coordinating agency? What services would suffice for effective exchange agreements between it and the political staffs? Should the number of legislative staffs be increased, reduced, or given a different organizational structure within which to work? Can means be found for reducing the number of their information requests to the campuses, often requiring definitions and search procedures that differ from those required by the coordinating agency or executive budget office? Would the desirable outcomes of redundancy be lost if there were major reductions in overlap and duplication of activities in budget review?

MAJOR AREAS OF OVERLAP

The rest of this chapter will delineate alternative roles and responsibilities among the agencies, dealing with the major areas of overlap and duplication; Chapter 7 will ascribe to each principal type its major budgetary and program functions. From the outset, it

should be clear that no one "model" (or even a half dozen) will serve the diverse procedures for decisionmaking in the 50 states. We suggest rather a perspective gained from our research in the 17 states we studied: We propose alternatives, knowing that some degree of ambiguity must be preserved for the political balancing of power. Also, where some relatively high degree of domain consensus already exists, with very different roles than we propose, and where redundancy has been reduced to a reasonable degree, any changes should be undertaken with caution.

Duplication of effort that impairs effectiveness in operations tends to occur at five different points in the budget process: 1) in information systems, 2) in program review, 3) in hearings by staffs and politicians, 4) in budget instructions, and 5) in mathematical audit of the budget request. Additional overlap occurs in reconciling legislative and executive versions of the budget in the final days of a session. Such overlap in activity by the staffs (as well as negotiations among them) could not be eliminated without impairing the system of checks and balances and the political logrolling that characterizes our form of government.

BASES FOR BUDGETING

Information requirements of the various staffs present the most formidable area of overlap and duplication. One could rightfully argue that a wide array of assumptions should lie behind alternative approaches to policies that political leaders insist be available to them. Dollars and manpower diverted away from analytic attention toward searching-and-gathering functions should perhaps be put into developing common data bases for all the budget agencies. Differing assumptions could then be used in analyzing these data to arrive at alternative perspectives for politicians.

Information Systems

In most states the coordinating agency or the statewide governing board designs and implements the major data source for higher education. Neither of the other two types of agencies may participate in the design or be canvassed for their information needs; they rely for their information most heavily on the budget request document. When information is not available, the executive budget office usually, though not always, turns to the higher education agency, which already has the information or is able to put it together from its own sources without making new demands on the campuses. Legislative staffs also rely heavily on the coordinating agency data base, but more often than the executive staff choose to gather information directly from the campuses, or even from individuals far down in the campus hierarchy. Some clarification is always needed and occasionally, given a tight deadline, staff members from any agency must have a quick answer, in which case they call the head of a campus or go directly to a subordinate. With the coordinating agency continuously demanding information, and the executive and legislative staff members individually calling for special items, institutions sorely need internal coordination of their resources of information. In many institutions confusion reigns over what has been reported, to whom, and with what assumptions in mind. Because data are often defined differently or aggregated in unusual ways for specific purposes of state budget staffs, a campus may report on, for example, enrollments or the number of faculty in three or more different ways--only to be accused later of inconsistent reporting, deception, or outright incompetence as the state staffs clash with each other over a major policy issue. Institutions try to protect their self-interests in reporting data, but much of the tension between higher education and state government arises from the latter's naivete about higher education information, its definitions, and its uses and abuses. Political staffs may specify their information needs, receive it as requested, and then discover that another staff has an entirely different set of figures or a different quick-and-simple answer on the same problem.

All staffs become frustrated and enervated as they are forced to concentrate on data validity rather than policy.

Despite the rhetoric over the past ten years, we have found that statewide information systems are generally meager and fragmented, each agency eager to improve its own information capacity through independent studies. The situation could be much improved without detriment to alternative policy recommendations or to the separation-of-powers principle. The coordinating agency could involve others in new information and data collection efforts through joint meetings with executive and legislative staffs to: 1) determine their information needs, 2) agree on assumptions underlying the data system, 3) agree on the definitions given to the various data elements, 4) determine the frequency and continuity of reporting the particular elements, 5) agree on a program of functional classifications, and 6) in general try to create a jointly held and common data base. If complete agreement cannot be reached, the agency that wants the excepted data, or data in a different form, may develop its own questionnaire. However, so that the institutions are fully conscious of the double billing, and all staffs know what is being requested and in what form, supplementary questionnaires can be administered concurrently with the regular data-gathering instruments of the coordinating agency.

All data collected may then be used compatibly, each agency drawing on the whole as its requirements dictate. Reasonable efforts would be made to reach consensus on the program for the first major analysis by the coordinating agency, which would subsequently become available to the other staffs. Any agency wishing to apply its own program to those data as well as its own should be free to do so. Again, unless special circumstances require certain analyses to be confidential, all pertinent agencies should receive the information.

The primary goal would be agreement by all agencies on the facts relating to higher education, and hence to particular issues as they arise. A coequal goal would be to limit as much as possible the proliferation of new or separate data requests from the institutions for use

in these special studies. If the agency data banks persistently hold insufficient elements for adequate responses to special uses that arise during the budget cycle, the system should be revised to include them. Of necessity, some items cannot be anticipated and others used so infrequently that their inclusion in the data bank would waste effort and resources; ad hoc efforts would suffice to gather these. Normally, such requests should be processed by the coordinating agency for consistency with the agreed-on definitions and uses of the data elements. The third objective of maintaining a common data system is that all parties would have access to most computer analyses, retaining as confidential the simulations and alternative staff analyses employed to prepare position papers and recommendations to their agency heads.

If these steps are taken, tension among the several state agencies and between the agencies and the institutions would be greatly reduced. Each state agency would have the information it requires, using common data elements and definitions. The attention of staffs could then be directed to alternative solutions to policy problems rather than to apparent discrepancies in factual data.

Formulas

In addition to information banks, another technique used for budgeting is the formula--that is, a pregenerated set of assumptions and weighted factors by which amounts of money to be requested can be determined for various subject areas. Questions of domain are implicit in who develops formulas and who applies them. Formulas have been said to be diminishing in use from ten years ago, but we found this only partly true and actually reversing as institutional leaders encourage construction and use of new formulas rather than rely on the negotiated agreements that have come to supplant old formulas. The coordinating agencies, which have been principally responsible in the past for developing formulas, and the other state budget review agencies have attributed certain advantages to formulas, such as equitable treatment, certainty in outcome, and general due process in arriving

at institutional funding levels. These advantages appear to be accepted by presidents of institutions as preferable to pure political negotiation. During the 1960s, the vogue period of formulas, the large research universities objected to them because of their parity treatment of state colleges for similar students and courses. Now that there are enrollment declines in state colleges without a concomitant reduction in funds, university leaders must observe that, of the almost invariable proportion of general revenue allocated for higher education purposes, institutions losing enrollment tend to maintain their funding while enrollment expansions receive reduced per-student funding. It is ironic that those formerly most opposed are now becoming the advocates of formulas.

Formulas offer no panaceas for formulating the budget of an institution, but they at times do serve useful and desirable functions by establishing and adjusting the base budget as enrollments fluctuate in levels of instruction and program (Meisinger, 1976). States have abandoned old formulas primarily because the enrollment drops encountered by a third of the institutions during the early 1970s created conditions that the assumptions underlying the formulas could not anticipate (Bowen & Glenny, 1976). Because of size of physical plant, library, or other services, certain costs continue even if enrollments decline. The old formulas failed to account for such marginal costs, causing one statewide governing board, over objections of the state budget officer, to reduce state college budgets in exact proportion to the percentage drop in students. However, we found the remaining 17 states continuing to fund their institutions although enrollments had dropped, at no less than the previous budget base and often in excess of it. Any marginal decrements that may have been realized by the state (and looked on covetously by the growing institutions) were lost for lack of technical procedures for determining them.

The renewed interest in formulas by both institutions and state budget personnel means that a much better procedure for developing and effecting them can be adopted. The coordinating agency formerly had legal responsibility for their development, or assumed it; and the other state

budget agencies sometimes ignored the formula(s), took some percentage of it as their recommendation, or applied their own versions. Like information systems, for formulas to be really useful, some degree of consensus on assumptions and dimensions of formulas must be reached by the state agencies without jeopardizing the separation of powers or the possibility of alternatives on major policy issues. Formulas may be confined to extensions of the base budget to allow for increases or reductions in enrollment, physical plant, libraries, student services, administrative core, and other matters of routine and continuing nature. New programs, new campuses, branches of existing institutions, and new services could remain matters of public issue not included in formulas. Some decisions may also be delegated to institutions without state review and consideration. (What constitutes an institutional decision and what constitutes a state decision has been dealt with by Berdahl (1971), Glenny et al. (1971), and the Carnegie Foundation (1976).)

New items, expansions, and recently the contractions generate most of the issues relating to higher education, along with collective bargaining, faculty workload, and salary increases. These issues may at times be a matter of public debate and decision, and the formulas revised to reflect policy changes. That these issues are never permanently settled should not negate the value of "temporary" decisions in the budget formulas, or the construction of formulas in ways that allow variable answers to problems as changed conditions warrant.

At any rate, formulas appear to be returning in favor (Bowen, Ruyle, & Glenny, 1976), and probably efforts could profitably be made to reach more consensus among the state budget agencies. Steps that might be taken are similar to those outlined for the development of common information systems: collective representation and agreement on assumptions (probably the greatest single problem), on subject areas to be included or excluded, on weighting of factors, and the scheme of calculation among types of institutions, students, and programs.

Again, the coordinating agency could lead in formula development, although the state budget office--or the joint legislative budget staffs in some weak-governor states--might be equally valid agencies for this purpose. Since some proportion (perhaps 70 to 80 percent) of institutional budgets could be done by formulas, each agency has a vested interest in participating and reaching agreement with the others. Beyond the state agencies, strong institutional representation can and should be obtained in formula construction. In the past formulas worked only as long as the consensus that brought them about in the first place continued to operate (Meisinger, 1976). Thus, the first set of agreements ought fully to represent all interested parties, including institutional leaders.

Program Review

With budget reform pushing toward more emphasis on program, every state budget agency feels forced to engage in program review. Although the nature of review activities differs substantially among the agencies, some elements characterize many of them. As noted in previous chapters, higher education probably has been better able to adopt and use programs as a budget base than have other service agencies. This is because higher institutions have had to reexamine programs and set priorities for reallocating resources--and, for some institutions, for the leveling off of or decline in enrollment, rather than expect additional funds for new programs. The state slowly turns to programs for budgeting, but higher education already uses this factor for internal management purposes. Despite the work of the coordinating agencies in inaugurating program-costing systems and engaging in legally mandated program reviews, the other budget staffs now compete by conducting somewhat similar assessments of a selected program or cluster of them. Our evidence does not indicate as much definitive overlap in program review activities as there is in information systems and mathematical audits of budgets.

The tendency, however, may lead several staffs to evaluate programs in light of state manpower requirements, costs of start-up and continuance, and the social

and political consequences of beginning programs in one institution or geographic area and not in another. As part of the program syndrome, agencies want to evaluate the promises of program progenitors with some measurable productivity and with the efficiency expectations of funding plans. In an increasing number of states both the legislature and the executive create new staffs for program evaluation, adding to the budget staffs that already do some program review. The amount of duplication remains unknown, but it is certainly increasing at a rapid rate.

Above the institutional level, the agency with the most intimate knowledge of programs and their content and origins, and with the most appropriate professional staff for program review, is the coordinating agency. The political arms are unlikely to acquire the intimate knowledge of curriculum and pedagogy of collegiate institutions to match that professional level, both because of differentials in salary and because the academic specialists prefer employment in higher education rather than in a political budget office. More important, the coordinating agency has the statutory charge of long-range planning for higher education as a system. Programs as an integral part of planning require careful and definitive review by coordinating staffs to locate the fix between plans and reality in the educational world. Matching programs to plans by adopting new ones or dropping obsolete ones is innately a function of the institutions in cooperation with the coordinating agency.

Under this circumstance the executive budget office should leave the coordinating board to the detailed review of such programs and the setting of priorities among them. Exceptions to this suggestion occur very occasionally, if, for example, a new medical facility or some other highly visible, publicly desired, or extremely costly program is at issue. The executive budget office may instead consider the total funds required for medical, dental, agricultural, or other distinctive and expensive programs of higher education, in relation to the need for other meritorious state services as well as to the remainder of higher education. Review of programs in detail has not yet become characteristic of the executive budget office, and should not; coordinating agency review should suffice for this purpose.

The joint legislative budget staffs and those of the separate committees might take the same position. The legislature is legally obligated to set policy even though it may be initiated by the executive office; it must also oversee the efficiency and effectiveness of higher education in relation to appropriations. The role of assessing efficiency belongs constitutionally to the legislature, and it may reexamine the effectiveness of the procedures used in such reviews by the institutions and by the coordinating agency. The focus of the legislative staff may overlap to some degree with the oversight process of the coordinating board, but this redundancy is desirable, with the coordinating agency acting as the analytic aide to the legislative staffs just as it does for the executive one. However, the insecurity and newness of many legislative staff members may make this limited role difficult to perform or even to accept.

Another legislative staff function is the review of program priorities and long-range plans of the higher education agency. Presumably the legislative staffs would reflect the views of their political mentors in these analyses and would not attempt to engage in long-range planning de nova, or even rearrange many program priorities set by the coordinating agency. The legislature is the auditor, the checkpoint, not the planner--unless of course the coordinating agency defaults.

Hearings

The fourth area in which overlap and duplication takes place is in budget hearings. Institutional administrators from middle to top echelons sometimes complain bitterly that the number and length of appearances required at staff and agency hearings in budget review monopolizes their time and handicaps them in providing the strong imaginative leadership required during periods of fiscal stringency and leveling enrollments. In a few states we found that presidents of institutions or systems spent as many as 50 to 80 hours each year in committee hearings defending practices, programs, and requests for money. In most states, however, we found no serious problem of

unnecessary duplication of hearings. Looking at the subject from the state's perspective alone, we saw the desirability of more joint rather than individual hearings by each staff and then by each agency, particularly between the two houses of the legislature. At present manpower is wasted and attention focused on issues that have already been gone over several times. Some coordinating agency and executive budget staffs were represented at each other's staff hearings and at coordinating agency hearings. Joint legislative staffs were occasionally invited to some hearings as observers. Even if staffs attended each other's hearings only as observers, the benefit in time saved to clarify issues and factual bases might be considerable. Of course, the public hearings of these agencies are open to all staffs, but their perfunctory nature and the kinds of detail sometimes of interest to legislators (paper clips and chalk) would be of small help to policy analysts.

Instructions for Budget Preparation

The state executive budget office normally issues instructions and other agencies accept the budget request prepared by them, so this is not a problem of great magnitude in most states. However, in a few states, especially where the governor expects one kind of budget format, program, and the legislature another, functional or organizational, instructions go out to operating agencies from both the legislative and executive offices. In still other states, the coordinating agency issues supplemental instructions to achieve purposes of its own.

Apparently there can be no reconciliation when the two branches of government want different kinds of budgets submitted; this is a political problem that takes time to solve, probably with little help from staffs. Supplemental instructions of both the legislative staffs and the coordinating agency may accompany the basic instructions of the state budget office. These supplementals could be solicited by the executive staff and included in the initial mailing to clarify for the recipients just what the supplements do or do not do in relation to the basic instructions. This would require little

effort by the state agencies and would result in better understanding by the institutions of the intents and priorities of the various state agencies.

Mathematical Audit of Submitted Budget Requests

Some of the least useful and purely replicative activities take place in the coordinating agency and the state budget office, that is, checking figures against instructions to determine the correctness of calculations. At times some legislative staffs join the other two agencies in this numbers game. Some agency staff claim to find errors in the other staff's verifications (and probably do), but we suspect that most differences result from different formulas, weights, or criteria being applied rather than to arithmetical differences. This duplication appears unwarranted and probably would become less of an issue if our recommendations for more cooperation on data bases and formulas were adopted. Still, early in the process one agency could be assigned the task of determining correctness of budget calculations, verifying this information with the other agencies, and then noting any questionable inclusions, exclusions, or calculations, thus providing an edited version of each budget. The coordinating agency, usually the first to review the budget, seems the logical place for this task. However, for reasons outlined in the next chapter, we believe that this mathematical audit should be done by the state budget office and not repeated by coordinating or legislative staffs, except where the latter agencies admittedly use a different formula or criteria for budget evaluation. Substantial savings in manpower could be realized or be applied to analyses and special studies. On the other hand, we would not recommend changing an existing arrangement in states where the detailed review of budgets belongs exclusively to the coordinating agency, the state budget office dealing only with the total figures for higher education systems and individual institutions as they are recommended by the coordinating agency (e.g., Illinois). In such states the duplicative aspect is not present, and we see no good reason to change such a reasonable arrangement.

7.

Suggested Functions for Budget Review Agencies

It is difficult to generalize about the current life stage of the several state budget agencies. Our perspective on the current role of the coordinating agency is broadened by understanding that it was created early because neither the governor nor the legislature could deal adequately (and did not want to try) with the complexity of programs and magnitude of monies of the intensely competitive higher education institutions. Almost simultaneously the other state budget agencies have been growing in size and professional competence. Downs's laws on bureaucratic competitiveness and functional domain apply to all these agencies: Given the constitutional position of the executive and legislative functions, the coordinating agency's former monopoly on certain matters is taking third-party status in a two-party war. In the struggle, the governor draws the coordinators into his alliance rather than allowing them to remain neutral.

THE STATE HIGHER EDUCATION AGENCY

Although a coordinating agency may have been formed after the executive and legislative staffs were partly established, its situation is about the same as that of older coordinating agencies. These newer agencies,

often purely advisory, have not usually been assigned strong roles in budget review and can only recommend to institutions and the political branches on programs. As the political staffs, especially the legislative, increase in size and capacity the newer coordinating staffs, like those with longer histories and stronger powers, become less and less useful for budgeting purposes (although not necessarily for other functions).

Some states (Colorado, Oregon, Washington) reorganized overall state government much earlier than others (Maryland, Missouri, Virginia) so that in a few states there are still virtually no legislative and very few executive staffs. In these states the coordinating agencies still play a major role in program and budget review, even with limited advisory powers, and each year are given more control over higher education and more influence in political circles. While coordinating agencies gain strength and political salience in states that have lagged in reform, those in the most reformed states (organizationally speaking) lose their former powerful positions. With reorganization and the advent of political staffs, these newer coordinating agencies are also likely to become redundant. However, redundancy occurs only in limited spheres of activity, that is, in budget and program performance reviews. Coordinating agencies gain on less important matters such as enrollment ceilings, admission and transfer standards, and construction efficiency.

Administrative tasks have devolved on the coordinating agency in almost every state, tasks that formerly belonged to governing boards of the individual institutions or subsystems. This may prevent the agency's complete demise, but unless essential, highly valued functions related to budget and program review can be continued, the agency will become merely another operating department or commission.

Given the increasing strength of political staffs, what kinds of coordinating agency functions preserve its value to the legislature and governor--and more particularly their staffs--on whose recommendations its survival depends?

Four functions seem particularly suited to coordination. If properly implemented, the agency's role could become more unique and valued rather than less. This requires a shift away from its most prized function, budgeting, which consumes most of its energy and resources, toward: 1) planning and policy studies, 2) information and management systems, 3) program initiatives and control, and 4) budget review of programs and services in relation to long-range plans and policy analyses.

Planning and Policy Studies

The major function of almost every coordinating agency established after 1955 was to conduct continuous or periodic long-range planning for higher education. While the original statutes often require plans only for public institutions, recent amendments added most of postsecondary education as recognized by the federal government: that is, accredited institutions public, private, and proprietary. During the latter '60s, statewide master plans became commonplace, but as conditions for higher education changed from 1968 to the present time, those plans fell into disrepute because they dwelt on a rapidly growing public sector rather than one leveling off or decreasing in public importance. Gross errors in forecasting enrollments and flow of students among programs, the need for new programs and facilities, and the assumption of new administrative services, all reduced agency prestige and credibility and discouraged new planning efforts that would employ different, "alien," sets of assumptions about the future of education and the society. Few truly comprehensive planning efforts have been initiated since 1972, and these sometimes only peek timidly at the dynamics of higher institutions in the maelstrom of postsecondary opportunities.

More common have been studies that focus on issues of budget and efficiency considerations. These studies are not set in a broad context that considers long-range consequences, and are more frequently ignored than followed by the political branches. Indeed, the political staffs, with their own resources, conduct

similar if not quite identical studies in which they have more confidence. Almost any budget agency can do credible ad hoc studies, but only the coordinating agency is charged with, and staffed to carry on, continuous planning. Because of coordinating agency dereliction in 1972, the California legislature established its own committee to propose a new state plan.

Most state policy is delineated in the state budget. However, state budgets reflect considerations of social policy only for the immediate budget cycle, with little pretense by legislators that they can see into the future. Heaphey (1975) quotes a Massachusetts legislator as having said that a legislator should "look upon his craft as consisting in the adaptation of temporary contrivances to temporary emergencies . . . not . . . to anticipate the march of affairs and provide for distant contingencies. . . . No legislature ever looks on anything as settled, finished, complete" (p. 480). Heaphey himself asserts that "legislative organizations, therefore, are not suitable for dealing with long-range problems, because it is difficult for their members to foresee their interests in the long run" (p. 480).

If this is so, and evidence from our study overwhelmingly validates it, the coordinating agency can provide a vital long-range perspective to both governor and legislature in which to evaluate and act on current budget policy for higher education.

In the 17 states studied, senior members of political staffs were usually not aware that a master plan for higher education existed (although if there was no new plan the one developed in the late '60s was still presumably in service). They were as desirous as the politicians to have a more understandable context in which to decide current issues. Even if the budget reviews of the coordinating agencies take planning into their analysis, in their recommendations to political bodies they do not make clear how program and priority decisions relate to the assumptions, goals, and projections of the long-range state plan. Continued weakness in planning by coordinators is as likely to cause loss of influence as any other

single factor, including duplication of budget and program performance review of the other state agencies. While planning and long-range policy analysis may not immediately appear to be highly salable, they should be the first priority of coordinating agencies.

Information and Management Systems

Coordinating agencies have made steady if slow progress in establishing comprehensive information systems for policy analysis and management purposes. Too often they rely on the Higher Education General Information Survey (HEGIS) of the National Center for Education Statistics (NCES) for their vital data, which survey was not designed for such state purposes. While the NCES is planning major revisions and new emphases for state planning and policy analysis, it will be years before these data are available and are analyzed for individual state purposes. While the other budget agencies continue to rely on coordinating agencies for most of their information, they place increasing reliance on their own research and gathering instruments (primarily the budget document) rather than on those of the coordinating agency.

Our suggestions above under "information systems," that the coordinating agency have prime responsibility for leadership and implementation, are reinforced here. Each state budget agency and institution of postsecondary education must participate in the design and management of the state information system. Information is power, but coordinators seem to forget that and tend to furnish more complete information to executive than to legislative staffs. Liaison with legislative staffs is diminishing, that with the executive increasing--not a wise policy for survival unless coordinators wish to become mere appendages of the executive branch.

Data and information outputs, with heavy emphasis on policy and planning analyses, can provide the state with an extremely valuable resource now availble in only a few states.

Program Review and Control

Coordinating agencies have also made slow but steady progress in program review and control. The Education Commission of the States and the National Center for Higher Education Management Systems are developing criteria and measures to aid in program review, as have some of the coordinating agencies. To date most effort zeros in on procedures for data collection, data aggregation, and unit costing of programs, and perhaps that priority remains appropriate. Increasingly, however, the focus must shift to review of extant programs, their worth, and their priority relative to programs in other state institutions (with national considerations included), and those that are proposed. Review of existing programs creates far greater traumas for institutions than does review of proposed programs, for it targets the very core of institutional integrity. Whatever consensus or loyalty exists in an institution revolves around a commitment to current curricula. Institutional and state master plans are the context for all program development, old and new. Omission of the long-range context invites ad hoc decisions and a series of incremental policies that can lead to disastrous extensions and costly duplications without improving the quality or array of programs needed.

As we have noted, the coordinating agency together with the institutions should have primary legal responsibility for planning new programs and services. It should also relate new and existing programs to the master plan. No other agency has the experienced staff that, in cooperation with the institutions, can provide the data, analyses, and context for a comprehensive approach to program review. The very heart of coordination lies in program quality and complementarity.

Budget Review

The earliest coordinating agencies were mandated to review budgets and prevent "unnecessary overlap and duplication" of programs. Planning was later added, and more recently private postsecondary institutions were

included in the planning charge. But without exception throughout the nation, coordinating agencies with full budget review powers have placed this function at the top of their priorities. The continuous pressure on institutions to maximize funding tends to force this reaction, with the result already cited: duplication of the work of other professional staffs in the executive and legislative branches. Loss of leadership for providing acceptable budget recommendations has not in the least diminished the attention of coordinators to this function. Instead of analytically and policy oriented professionals, these agency continue to employ technicians to do the aggregating and mathematical checks. This activity can be done better elsewhere.

The coordinating agency in most (but not all) cases would be advised to review budgets in only three dimensions. First, it should provide a thorough analysis of institutional budgets (aggregated for the state or by subsystem) as they relate to long-range policy analyses for higher education for the whole state. This requires scrutiny of social and economic trends and of resource allocations within each institution and for all higher institutions (an examination that takes place in few agencies today). Such analyses require continuous updating and dissemination to other policy bodies, including the state budget agency and institutional governing boards and administrations. Forecasting should accompany trend analyses.

Second, the agency needs to review budgets in terms of matching program development with the state's long-range plans. Here again economic and social as well as educational analyses should be long-range and should accompany the recommendations for approval or disapproval of requests for particular programs.

Third, the agency should conduct special studies on selected financial issues such as tuition, student aid and its impact, funding of education for women and minorities, financing continuing education, and other matters; these would provide in-depth understanding and a social context that the non-higher education budget agencies

cannot approach. Some budget subjects require insights and fundamental knowledge about education that can only be provided by a well-staffed coordinating agency committed to equity for individuals and quality and diversity in programs.

Detailed analyses of subprogram elements, mathematical verifications, and formula conformance are not recommended for coordinating agencies where the state has already developed staff capability in either the legislative or the executive branch, or both. Formulas for developing budgets are another matter: Coordinators may take the lead in obtaining the cooperation of institutions and other budget staffs in seeking consensus on formula elements and weights. They may also study the impact of current formula elements on operations, but the instrument produced should be made the "property" of the state budget office for control and conformance.

It could be argued that if the coordinating agency gives up the review of budget minutiae (to which it now devotes much energy), institutions will run wild, appealing directly to political bodies and undermining agency program review and planning strengths. However, it could equally be argued that if the agency engages in the kind of data gathering, planning, policy analysis, program review, and budget review we suggest (and very few if any coordinating agencies do), its image as a policy leader and innovator will decidedly improve as its image of a group of technicians duplicating the work of other staffs diminishes. The agency will retain leverage on the budget, because its recommendations will relate to the most important aspects of the budget--program and long-range policy. It will have influence and strength, which few of its recommendations on any budget subject now have. Certainly, in the past decade agencies have not controlled fund allocations to higher education; that has become the province of the state budget office and the legislative analysts.

THE EXECUTIVE BUDGET OFFICE

The executive budget offices have a range in quality, reputation, and de jure powers similar to or exceeding the state coordinating agencies. Staffs range from one or two people servicing all government agencies to 100 or more, with specialists for major state functions. Professional qualifications are generally concomitant with staff size. De facto power, however, is not normally determined by provisions in the resolution, executive order, or statute that establishes the staff agency, but derives directly from the power of the governor in relation to the legislature. Strong-governor states predominate, but the range in power down to weak-governor states is more noteworthy for the differences from state to state than for the similarities. The states with strongest governors had a department of administration (or similar title) that housed the state budget office, with all services of the state organized into a relatively few administrative departments under the governor, and the governor having the item-reduction veto or item-veto powers. A few generalizations may nevertheless be made on the role of the executive office in relation to higher education. Three major duties and one minor one are pertinent to higher education: 1) determining the share of state revenue to be recommended to the legislature for higher education; 2) making the technical and mathematical review of the budget; 3) allocating funds in lump sum or by type of institution or subsystem in relation to the long-range plan, through specific recommendations of the coordinating agency; and 4) conducting special financial policy studies of particular interest to the governor and gathering the supplemental data necessary for the analysis.

Determining the Share of General Revenue for Higher Education

Higher education leaders sometimes give the impression that whatever they request should be recommended in the executive budget and appropriated by the legislature. The governor's office has the thankless task of finding an equitable balance in funding all the state's functions;

although important, higher education is only one function. The analysis preceding recommendations can consume a large proportion of staff time each budget cycle. Because most states have annual budgeting sessions, the executive staff must work on three budgets concurrently. It continues to manage the expenditure of the previous budget, directs the current budget through the legislature, and prepares instructions and priorities for the future cycle. Different staff members may perform these functions, but staffs are often not numerous or specialized enough. Executive staffs do not have time to engage in data manipulations and analyses that state higher education agencies should in fact perform; the data bases for budget allocations normally extend no further than the numbers and justifications contained in each budget request. Only occasionally did we find that the office aggregated the historical data contained in budget requests to develop trend lines or detect growing variances in funding among services.

Requests from higher education have probably been reviewed in whole or in part by a coordinating agency for the public institutions, but no other state service has such an agency to plan, make analyses, and winnow requests from the operating departments. (The coordinating agency is not, but appears to be becoming, an operating department itself, similar to those of other state services. This is already true of the single statewide governing boards.) That work, if done at all, falls to the state budget staff, which would help itself and the state if more of its man-hours were spent on trending, observing historical changes, and projecting them 10 or more years ahead for each state service--even knowing that politicians, especially the governor, will make some changes in staff recommendations out of knowledge of the historical context and future estimates on each service. Higher education assumes that the state should grant what it asks in part because such trending and projecting is rare in executive budget offices. No state service can foresee limits on its ambitions when it is ignorant of trends that support other state services and their probable projection into the future. All budget requests, including those of higher education, might be more realistic and manageable if such information were publicly dissemin-

ated, with special effort made to inform faculties and administrators of the trends and fiscal constraints.

During the past six to eight years the share of state budget dollars allocated for higher education has generally been reduced, except in the South (Ruyle & Glenny, 1976). Had there been better analyses of trends in all state services this might have been hastened or slowed, but in either case with a bit more rationality than the year-to-year ad hoc decisions current in most states. In few states exceptionally well-staffed agencies of a governor perform these tasks; but where such information is lacking, the governor is increasingly at the mercy of staff recommendations. Without knowing the precedents or historical funding problems of operating agencies, the governor (who rarely has tenure and experience equal to that of legislative fiscal leaders) is subject to his own staff's recommendations and is open to subsequent legislative attacks on his budget. Even then he may not be fully aware of the source of the trouble: lack of knowledge when he made his decision, or a real political difference in priority of services.

Technical Budget Review

Someone must audit all agency budget requests to comply with instructions and accuracy in computations. Professional staff can better be used elsewhere, for such technical audits need not be completed before initial analysis--contrary to practice in one of our states (Washington). Starting analysis early adds to the time and resources for it, but the audit task remains essential for achieving equity and due process among the agencies. The duplication by the coordinating agency and occasionally the joint legislative budget staff in performing this task should be eliminated entirely, with those agencies guarding their prerogative of probing into special subject areas as policy priorities dictate.

Allocation by Type of Institution

The executive budget office may act on allocations to institutions and subsystems after it receives the recommendations of the coordinating agency or of the statewide governing board. However, so that the governor and his staff are aware of funding trends in the several types of public institutions, and of the subsidization rates of the private ones, state budget staff should provide or have available data on trends, and make technical projections similar to those for the state service departments. Trends may be compared to master plan expectations for higher education and the analytic results then made public for use by concerned policy bodies. Such analyses also ensure that the state higher education agency, through its decision processes, has avoided favoritism for some campuses over others when such preferences diverge widely from the master plan.

Special Studies

While the major part of analytic work on higher education operations is preferably conducted by a higher education staff, some subjects, such as tuition, income from overheads on grants, auxiliary enterprises, bonding, and other matters, often require a differing state perspective than is likely to be supplied by the coordinating agency or the institutions. Studies of such subjects should be conducted by the state budget staff, and the coordinating agency could cooperate by furnishing or collecting institutional information.

If executive budget staff data requirements exceed those on which consensus can be achieved for use by all budget agencies, a supplemental questionnaire should be included with those that establish the higher education data base.

LEGISLATIVE STAFFS

Because the legislature consists of many members divided into two houses, further divided into committees for hearings and study purposes, and occasionally still further divided along partisan lines, the number of staffs serving the committees that deal with finance and budgeting alone may come to five or six. We tend here to treat all these staffs as if they were equal in professional qualifications, outlook, numbers, and influence; however, as already indicated, there are pronounced differences among them. If executive st ffs are constitutionally expected to perform certain functions relating to budgets, so also are the staffs of the legislature. Several such staffs focusing on the same issues or conducting studies on the same problems produce confusion and waste.

Before turning to the activities relating to higher education that we believe are most suited to the legislative staffs, we wish to comment on the growing fragmentation of legislative staffing and how legislators might better obtain policy alternatives on the issues that confront them and more staff coordination at the same time.

Coordinating Legislative Staffs

A single joint legislative budget committee allows for a high degree of coordinated effort in policy analysis before a budget goes to be voted on in the two houses. However, the work load imposed on a single staff by the legislators of the two houses, and the inability of that staff to reflect differences in leadership opinion of the houses, account for the creation of additional committee staffs. Further partisan bifurcation of the staffs satisfies a similar need by majority and minority committee leadership. The apparent chaos of legislative staffing cannot be dismissed as irrational or attributed to power-hungry committee chairmen. Rather, if a legislature relies on professional staffs to compete with the increasingly "scientific" approach to social issue problem-solving and technical budget by the executive branch, it must acquire sufficient staff specialized in

many subject areas who understand and can respond to the executive budget. The legislature must protect itself against the professionals, while at the same time it finds them essential. Legislators do not want to be captured by the experts any more than they wish to become helpless "victims" of the governors' budget policies. The solution is more coordination of staff work, without denigrating individual staff members or destroying the possibility of securing alternative perspectives on the major issues.

The suggestion made recently by Bartley (1975), Speaker of the House in Massachusetts, to shift power from the budget committees to substantive committees in order to obtain better policy on virtually all legislative matters, appears unrealistic, given the long history of budget committee practice. The vested interests and internal power of legislators in key fiscal positions would probably block any such reform. However, it is likely that in most states the substantive committees will acquire staffs; some already have them. This denotes additional hearings and further stretching of the energy and resources of operating agencies, including those for higher education. Additional time and effort will be required to deal with at least one other staff (if not two), another data system or two, or another set of defensive hearings, generating further fragmentation and additional alternatives. Legislative consensus would be difficult to achieve under these conditions.

Our examination of legislative staffs in the 17 states leads us to agree with Roberts (1975) of the New York Assembly, that staffs should be divided along partisan lines; party leadership in each house should arrange for caucuses of the pertinent substantive and appropriation committees and their staffs in order to arrive at a party position on higher education issues. Having reached some agreement within each house by party, attempts could be made to arrive at a party position for both houses. Coordination would thus be accomplished by the more informal political party structure rather than through a central joint committee with one director overseeing all staffs. The advantage to the politician derives from the bipartisan arrangement: He would get alternative views from several staffs and have a say in the negotiated party position in his house, and indirectly or directly for the party in the legislature.

The advantage to staff would be more coordination by party leadership of overlapping activities, and more adequate coverage of a greater variety of issues.

Critical to this arrangement is the continued existence of a two-party system in each house of each legislature, which may be unrealistic given the waning power of political parties and the growing proportion of independent voters in legislative constituencies. However, if not a solution in all states, it would be in most--especially in the larger states--and consequently those with the greatest membership on legislative staffs.

Providing Political Alternatives

As a reaction against "kings and despots," legislatures originally were given more power than executives. The legislature was organized by districts, and differently in the two houses, to represent the diverse interests of citizens. In more than half the states the executive has now surpassed the legislature in power. The legislature fights the executive primarily through the state budget; thus, if alternatives to gubernatorial policy are to have meaning in the power relationship they must arise in the legislature and have sufficient support to block or alter executive policies. In most states, the coordinating agency for higher education was formed to assist both the governor and the legislature in finding alternative solutions to budget and operating problems. Apparently not satisfied with this arrangement, the legislature set its own staffs to work on higher education matters; this often resulted in alternatives to both executive and coordinating staff positions, and gave the legislature several options from which to choose. The new arrangement conforms to the separation-of-powers doctrine by strengthening the legislature's hand.

As long as legislative staffs do not screen out alternatives from other sources before the legislators have made choices, the legislative bias toward developing its own alternatives appears sound. However, some legislative staff members we interviewed admitted giving decreasing

attention to policies suggested by the coordinating board or executive office, and more to those generated from within--thus actually restricting the number of legislative choices. While options initiated by the legislature are desirable, our evidence suggests that legislative staffs have less supervision and more freedom to pursue personal value goals than the other staffs, and at the same time are closer to the people who make final decisions. It would behoove the pertinent legislative committees to assure themselves that they have all the alternatives available, from other sources as well as from their own staffs.

Program Priorities and Review

Program budgeting requires, and the increasing internal use of programs by higher education encourages, detailed legislative review of selected programs. While such legislative review may be necessary for other services, the fact that the legislature delegates program review to the coordinating agency should make a difference in the detail and depth of scrutiny with which higher education programs are legislatively reviewed. The data sources, previous experience with them, and specific knowledge about institutions proposing the programs usually enable the coordinating agency to provide an analysis thorough enough that legislative staffs may devote their time to determining how the programs conform to legislative interpretation of the master plan for higher education and the priority that particular programs should have over others. Legislative staffs should be concerned with broad policy considerations on programs, not their technical details. Few if any legislative staff members are or should be qualified to perform detailed technical analysis.

Program Audit and Oversight

As legally constituted, the legislature and its staffs might be expected to study programs for their desirable outcomes, efficiency, and effectiveness to determine whether financial support for private institutions really affects attendance rates and financial solvency in desirable directions; or to assess whether community

colleges effectively reach the populations they are charged to serve; or to examine the economic consequences to the state of various types of research programs such as those pertaining to health, the environment, agriculture, and transportation. However, most such work is increasingly done by a separate program performance audit staff, or has become the province of a legislative fiscal auditor. If other legislative staffs do not perform these essential functions, they are left to the staffs of the separate budget or appropriations committees, and we feel it important to repeat that of all those we interviewed these staffs are generally the least experienced and most naive in higher education matters. Their expectations are often drawn from theoretical models that exceed the probabilities of the real world and result in unjust and misguided criticism of effectiveness and outcomes. Higher education seems particularly targeted by these staffs, possibly because they realize their limitations in other fields and because of their sojourn in a college or university getting a degree assume a knowledge they do not possess. A college graduate or graduate intern is not automatically transformed into a full-fledged professional, political scientist, economist, or public administrator because of a sudden acquisition of power. Their power, added to the freedom with which many of these inexperienced people can operate, can make for great mischief and frustration for both legislators and higher education leaders. Program policy is what the legislative agenda is all about, but if amateurs make the analyses of priorities, efficiency, and effectiveness, the legislators will be omitted in this highly political process. Legislators need to acquire more capable staff people and rid themselves of burdensome skirmishes with institutions that arise out of misguidance by their staffs.

Special Studies and Information Systems

The commentary on the executive staff on these subjects applies here. The legislature has the right to conduct special studies on any subject. In almost all the states, a higher education agency helps in this function, both to provide data and information and to

conduct studies for the legislature. Also, if supplemental data questionnaires are to be administered for legislative staff, the higher education agency is the logical choice.

REVENUE PROJECTIONS

Revenue projection falls under the jurisdiction of the executive and legislative branches, but in some states only the governor's office makes projections, in others only the legislature. However, in many others both political bodies make projections, confronting each other over estimates and hence over differences in amounts of money to be budgeted. Since education, particularly higher education, is usually the balancing service and is last to be funded after the other state services, the estimates of state revenue may be critical to its actions during the budget process and of course to its financial well-being afterward. All revenue estimates may be in error, but as the executive and legislative staffs make successive but differing revenue projections from fall through spring the ping-pong effect is devastating to both morale and higher education planning. In a few of the 17 states we studied the legislature and the executive rely on a single staff to make such projections as technical and nonpolitical as possible. Both political branches were satisfied to deal with numbers on which agreement was automatic. Our staff found no damage to separation of powers in this area while little good but much frustration resulted from the series and counter-series of projections. We believe that a jointly acceptable staff involving both branches of government in estimating revenue would have a salutary effect on executive-legislative relations and take much of the uncertainty out of college and university planning for the coming year's operations.

A SUMMARY

Chart 3 summarizes the comments made above. It indicates the principal functions relative to budgeting operations that seem most appropriate for each of the

Chart 3

RESPONSIBILITIES OF STATE HIGHER EDUCATION AND BUDGET AGENCIES

State higher education agency	Executive budget office	Legislative budget staffs
Continuous long-range planning and broad policy analyses	Technical/mathematical review of all budgets	Development of policy alternatives to executive budget
Program review and audit (new and old)	Revenue share for higher education	Program priorities, master plan review and oversight
State higher education information system and special studies	Revenue proportions by type of institution	Special studies, performance audit, and supplemental information
Budget review for: master plan conformance program conformance to master plan special financial and other studies	Special policy studies on educational finance and supplemental information	Aid in development of formulas
Initiate and develop formulas	Aid in development of formulas	Joint revenue projections with the executive
	Joint revenue projections with the legislature	

three types of staffs. Because of differences in state organization, tradition, and gubernatorial power in relation to the legislature, the allocation of functions among agencies within any particular state will of course vary from those indicated by the chart. Our attempt has been to increase alternatives to reinforce the system of checks and balances required by our democratic system, to improve the professional qualifications of staffs while keeping them under the control of elected political leaders, and to emphasize the role of long-range planning and policy analysis for the state higher education systems.

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